2011/12

O.R. TAMBO
DISTRICT MUNICIPALITY

ANNUAL REPORT

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CHAPTER 1 – MAYORS FORWARD AND EXECUTIVE SUMMARY

COMPONENT A: EXECUTIVE MAYOR'S FOREWORD

a. VISION

The district municipality vision was improved during the development of the 5 year IDP of the institution. The vision for the five year period ending 2016/2017 is a statement indicating that the district municipality seeks to position itself as a force dedicated and committed to becoming a people driven and a developmental municipality which is responsive to the socio-economic needs and aspirations of both rural and urban communities within its area of jurisdiction. The Municipality is responding to the national call to defeat the triple challenge of inequality, unemployment and poverty.

b. KEY POLICY DEVELOPMENT

Our IDP emphasized the importance of pursuing four key development objectives including the need to provide adequate and accessible infrastructure, promote economic growth and creating sustainable economic activity, promoting sustainable community livelihoods, and improve institutional system and overall institutional capacity. To ensure that these strategic thrusts are achieved, the municipality established five management and oversight priority clusters including Good Governance and public Participation; Institutional Transformation and Organizational Development; Local Economic Development; Financial Viability; and Basic Services and Infrastructure. These clusters have ensured properly packaged programmes and projects are implemented throughout the year under review and the following chapters give detail on progress made and challenges encountered in this regard.

A conscious effort was indeed made to ensure that our IDP, and every programme and project implemented is aligned to national and provincial planning frameworks such as the NSDP, PGDP and the newly established outcomes. Linkages with national and provincial strategies are implemented through sector forums and IDP Representative forums coordinated by the district municipality. The district municipality, local municipalities, national and provincial sector departments, state owned entities and all relevant stakeholders submit their plans for coordination and integration purposes through the above mentioned fora. The municipality has adopted a practice of holding policy workshops led by the Policy Development, Research Intergovernmental Relations and Community Liaison Portfolio.

c. KEY SERVICE DELIVERY IMPROVEMENTS

The 2011/2012 SDBIP is the main point of reference for what the district municipality ought to have achieved during the 2011/2012 Financial Year. It is important that we highlight the following as some of the major and important interventions in the context of our core mandate – water and sanitation. In the 2011/2012 financial year the municipality has been able to connect 9 500 households to water and to provide access to sanitation facilities to 27 000 households.

Secondly, a policy decision to move away from standalone water schemes to regionalize water schemes started to be implemented. The implementation of regional water schemes commenced in Flagstaff and Coffee Bay. Designs have also been completed for four regional schemes, Coffee Bay phase 2, Flagstaff phase 2, Sidwadweni phase 5 A and B, as well as PSJ Regional water scheme. Plans are that construction of these schemes commences and be completed before the end of 2012/2013 Financial Year.

On sanitation provision, the district municipality has succeeded in refurbishing most of sewer pump stations in Mthatha, under King Sabatha Dalindyebo. As part of the sanitation strategy, the District Municipality started with the upgrading of Mqanduli Waterborne System and Tsolo Sewer system. Designs for Lusikisiki and Flagstaff Waterborne Sewer systems must be completed before the end of 2012/2013 Financial year.

d. Public Participation

Public participation is an essential part of the district municipality's process of developing and adopting the IDP, as this is required of all municipalities by Section 2 of the Municipal Systems Act 32 of 2000. The IDP development consultation processes included visiting various wards in all 5 Local Municipalities and community members actively participated and made valuable inputs into the processes. The Executive Mayor also held not less than five community Imbizos where communities were afforded an opportunity to raise their expectations regarding service delivery by the district municipality. Lastly, and open door policy was maintained particularly by the office of the Executive allowing individuals and communities with legitimate service delivery problem to present these for resolution.

e. Future Actions

As the institution we have been faced by a recurring pattern of under expenditure and poor performance with regard to audit outcomes. These two challenges impact negatively on our

service delivery record, as well as our image as an institution. As a result some of our attention be focused on improving in these areas. Our key strategy is mainly to improve our organogram, populate it accordingly, and provide effective staff development initiatives to enhance performance by all departments. It is also against that background that our municipality is involved in strategic partnership with COGTA, MISA, National Treasury and Provincial Treasury who have committed themselves over the next twenty four months to providing personnel and other resources to assist the institution improve at the level of planning, project implementation, financial management and reporting.

f. Agreements/Partnerships

The institution entered into agreements to improve the core business operations and maintenance of water and sanitation operations as well as implement some Regional Water Schemes per appointment with the Amatola and Umngeni Water Services Boards.

The District Municipality has also concluded agreements with the Mining Houses with the aim of improving the livelihoods of the people of the district as the labour sending area. On the employment creation front, an agreement with Department of Public Works through the EPWP is implemented.

g. Conclusion

In conclusion it is important to appreciate the fact that our municipality has during the period under review managed to find an effective strategy to work with the private sector, NGOs and trade unions. We have formed an important partnership with an NGO from Italy, Oxfam Italia, We have engaged on a programme that aims to eliminate mother to child transmission of HIV and improve maternal health. Six clinics from flagstaff are piloting the programme.

Through these efforts we have been able to attract massive funding for community development from companies such as Anglo Gold Ashanti, Gold One and Ezulwini Mining companies. In total more than R50 Million was committed by these companies for community development in this region in schools, business and welfare organizations. Moving forward it is truly our resolve to ensure a multi-stakeholder effort in the fight against inequality, unemployment, poverty and the spread of HIV/AIDS in our district.

(Signed by :) _____

Cllr J.D. Myolwa
Executive Mayor

COMPONENT B: EXECUTIVE SUMMARY

1.1. MUNICIPAL MANAGER'S OVERVIEW

This report is submitted in line with the objective, indicators and targets as set out in the 2011/12 approved Integrated Development Plan as well as its aligned budget, both of which informed the quarterly performance targets set out in the Service Delivery and Budget Implementation Plan (SDBIP). The report is presented in line with the five (5) Local Government Key Performance Indicators as follows (not in the order of priority):-

a) Basic Service Delivery and Infrastructure Development
b) Local Economic Development
c) Institutional Transformation and Development
d) Financial viability and management
e) Good governance and public participation

The report depicts the level of achievement of the set targets for the period 1 July 2011 to 30 June 2012), also reflecting on explanation on deviations provided where the department has not met the set target as well as corrective measures to be implemented, going forward into the 5 year term of the current council.

SOME OF THE KEY HIGHLIGHTS IN THE PERIOD UNDER REVIEW

The period under review is one that saw a change in the political leadership of the institution. New Municipal Council was sworn in on the 7th of June 2011 following the Local Government Elections in May 2011. The new Council adopted its Five Year IDP on the 30th June 2012 which sets out the development objectives, strategies, indicators, targets as well as projects and programmes that are prioritized for implementation over the next five years

Some of the key highlights in the year include:

- ***Participation of Traditional Leaders in Council***

Section 212 (1) of the Constitution of the republic of South Africa refers to the recognition of the institution of Traditional Leadership by stipulating that national legislation may provide for a role

for the institution of traditional leadership at local level on matters affecting local communities. Section 81 of Local Government: Municipal Structures Act, No.117 of 1998 as well as section 4 of the Traditional Leadership and Governance Framework, Act No. 43 of 2003 give effect to Section 212 (1) of the Constitution by allocating a role to the institution of traditional leadership on governance and development issues at the sphere of local government. Section 81 (2) of the same Act further stipulates that:

(a) The MEC for local government in a province, in accordance with Schedule 6 and by notice in the Provincial Gazette, must identify the traditional leaders who in terms of section (1) may participate in the proceedings of a municipal council.

In relation to the above, the Council of O.R Tambo District Municipality has been joined by 12 Traditional Leaders who were sworn in on the 30th of April 2012.

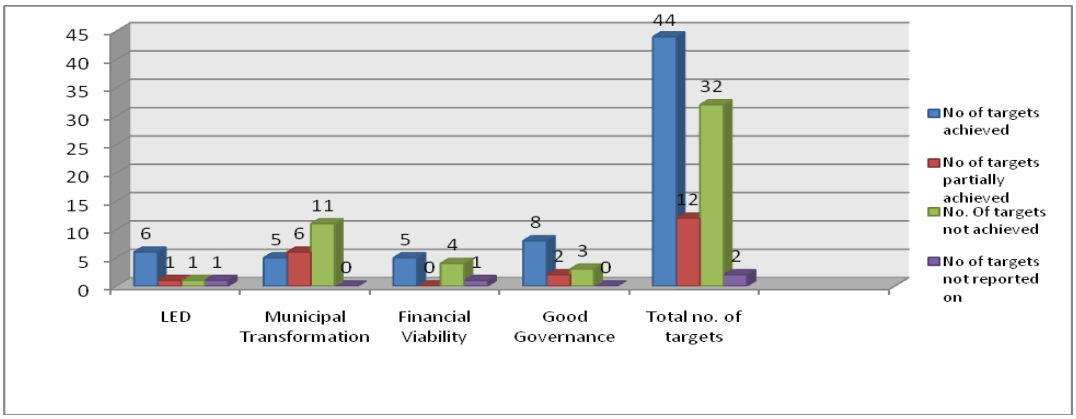
- **Establishment of Section 79 Committees**

The district municipality has established three Section 79 Committees which are managed and coordinated by the Office of the Speaker. These were established to assist the Office of the Speaker to ensure that the legislative component performs its oversight function effectively and efficiently. In this regard, the Speaker offers full support to section 79 Committees to enable them to perform their tasks with ease and thereafter report to Council accordingly. These committees are fully functional and are meeting quarterly unless there are urgent issues that warrant their attention. These committees assist the Speaker in execution of her duties in line with relevant pieces of legislation and municipal delegation authority. All deliberations and recommendations of these committees are presented to Council for consideration. They have managed to assist Council in taking informed decisions ranging from welfare of Councilors to effective governance and enhancement of public participation.

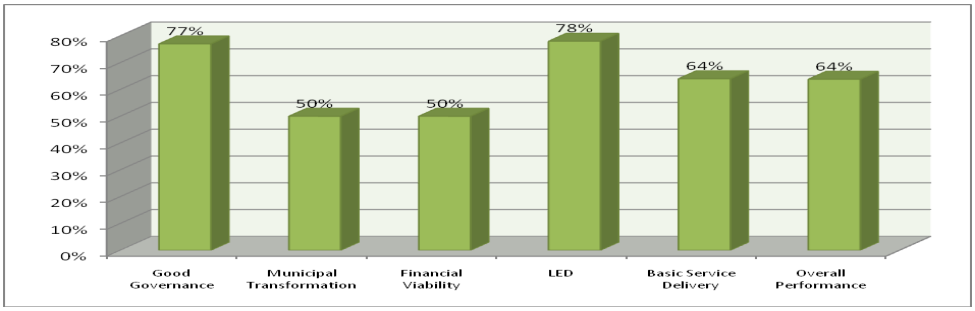
- **Service Delivery Performance**

The report also depicts the level of achievement of the set targets for the period 1 July 2011 to 30 June 2012. Where targets have not been achieved, reasons for deviation are given as well as the corrective measures to be implemented by each department. The overall institutional performance reflects that, of the 90 targets set for the institution across all the Key Performance Areas , at least 44 are reported to have been achieved with 12 being reported to be partially achieved. Thus brings the total number of achieved targets to 56. Partially achieved is used

where about 70% of the target has been reported to have been fully achieved, e.g. in the case of policies drafts are in place but a policy workshop that would have endorsed these policies was deferred to the next financial year. The details of the targets set is presented in the consolidated annual performance report for 2011/12 in the next chapters.



The chart below indicates the percentage of performance against the planned targets reported per KPA. The highest performance of 78% is reported against targets set on Local Economic Development (LED), followed closely by Good Governance and Basic Service Delivery and Infrastructure Development at 77% and 64% respectively. Financial viability and Municipal Transformation both achieved only half (50%) of their set targets. This brings the overall performance of the institution to 64% for the 2011/12 financial year.



1.2. MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

The total population residing in the OR Tambo District Municipality (ORTDM) is estimated at 1,441 120 (as per 2007 survey) with a total of 279747 households (average household size of 4.2 people per household).

Local Municipality Name	Population	% Share of District Population	No of Households	Density per km2
King Sabata Dalindyebo	444 830	30.80%	93 383	142
Ingquza Hill	279 795	19.41%	48 701	104
Mhlontlo	237 138	16.45%	49 861	
Nyandeni	314 273	21.80%	56 851	71
Port St John's	165 084	11.50%	30 951	118
ORTD - Total	1, 441 120	22.5 % of EC pop	279 747	106.6
EC PROVINCE	6, 393,259			

It was estimated that in 2007 1,229,832 people were living in poverty in the District – 72.2% of the total population. The number of people living in poverty has increased from 66.4% of the population in 1996. Within the District it is only KSD that has poverty levels closer to those of the province as a whole. All the other municipalities have poverty rates over 70% and with numbers living in poverty increasing. Nyandeni, and Port St Johns have higher poverty levels than the other municipalities. What is interesting is that Nyandeni has a relatively higher HDI but also higher poverty level than average for the District.

Local Municipality Name	GINI Coefficient	HDI	Functional Literacy	Poverty Levels	Poverty Gap Rm	Poverty Gap per household
King Sabata Dalindyebo	0.67	0.49	59%	66.0%	572	R5, 281
Ingquza Hill	0.61	0.38	42%	73.3%	404	R7, 032
Mhlontlo	0.62	0.43	49%	71.8%	294	R5, 894
Nyandeni	0.61	0.4	46%	76.3%	450	R6, 817
Port St John's	0.63	0.38	36%	76.1%	235	R7, 009
ORTD - Total	**0.64**	**0.42**	**47%**	**72.2%**	**2560**	**R6, 343**
EC PROVINCE	**0.67**	**0.53**	**64%**			

YEAR	Unemployment rate	Proportion of households with no income	Proportion of population with low-skilled employment	HIV/AIDS prevalence	Illiterate people older than 14 years
2011/12	**68.1**	**72.2 %**	**17%**	**28%**	**24.4%**

1.3. SERVICE DELIVERY OVERVIEW

In July 2003, Cabinet declared and pronounced the ORTDM a Water Services Authority and Water Services Provider, which means that the DM is responsible for planning, implementation, operation and maintenance of water and sanitation services within its LMs. As such an authority, the DM is responsible for planning and governance functions, which include:

- Development of Water services policies and by-laws;
- Local Regulatory function;
- Water Services Planning;
- Tariff Determination;
- Water Quality Monitoring and Environmental Safety;
- Revenue Management;
- Communication and Customer Relation;
- Free Basic Services; and
- Drought relief.

The following functions are included under water services planning:

- Water Conservation and Water Demand Management;
- Water Services Master Plans;
- Water Services Development Plan (WSDP);
- Asset Management Plan; and
- Water Safety Plans.

The current status of the Water Services Policies and By-Laws is as follows:

- Water Services By-Law: Approved by Council;
- Indigent Policy: Approved by Council;
- Tariff Policy: Approved by Council;
- Free Basic Policy: Approved by Council;
- Credit Control/Debt Collection Policy: Approved by Council;
- Occupational Health and Safety Specification: Approved by Council; and
- Procurement Policy: Approved by Council.

The DM developed Module 1 of the WSDP, which was approved by Council in July 2011. (A copy of the approved module of the WSDP with details is attached as an Annexure to this IDP). This module provides (1) an overview and (2) an assessment of:

- Existing information on backlogs;
- Current levels of service;
- Operations and maintenance of infrastructure assets;
- Water resource management;
- Water balances and losses; and
- Issues pertaining to contracting and licensing.

Plans to develop a detailed Water Services Development Plan are currently underway, with a call for proposals having been made.

1.3.1 WATER SERVICES PROVISION

In terms of Water Services Provisioning, the ORTDM is responsible for operation and maintenance which includes:

- Daily operations of water and wastewater works inclusive of the daily monitoring and management of plant performance and compliance with the required quality and performance management systems;
- Maintenance of urban and rural infrastructure;
- General management including administration, financial management, monitoring and reporting;
- Communication and customer relations;
- Operations and maintenance planning;
- Ensuring de-sludging of on-site latrines;
- Safe treatment and disposal of sewage waste;
- Ongoing and regular testing of water, effluent and sewerage disposal for conditions dangerous to human health and the environment; and
- Health and safety.

Other Functions of the Department include:

- Identification and implementation of Capital project; and
- Coordination of infrastructure-related sectors and actors (i.e. Eskom, Telecommunication, Public Works, LMs, Human Settlement, etc.)

In October 2006, the ORTDM held a Water Services Summit which was aimed at the development of strategic framework for the delivery of quantitative and sustainable water services and accelerate water service delivery as a vehicle for Local Economic Development in the District. This summit adopted a Conceptual Water Master Plan which was a framework with a three-stage approach, and the following was agreed upon:

- Continued Schemes to alleviate the immediate need through Stand-alone Schemes;
- Integrating existing Stand-alone Schemes into Sub-regional Schemes; and
- Integrate all the latter into Regional Schemes.

The ORTDM, in partnership with DWA, thereafter approached/appointed Umgeni Water Board and Amatola Water Board and entered into a collaborative arrangement to assist in identification of an improved bulk water supply system within its area of jurisdiction. Four Regional Schemes were then identified and feasibility studies were undertaken to investigate/explore on reliability of the identified schemes, viz.:

- The Central Scheme (Ingquza Hill and parts of Port St Johns) fed by the Mzintlavana River: Feasibility Study complete and preliminary design in progress; and
- The Southern Scheme (King Sabatha Dalindyebo, Nyandeni and parts of Mhlontlo): Optimal Utilization of Mthatha Dam for domestic consumption: Study complete but awaiting abstraction permit from DWA.

Other Sub-Regional Schemes to be integrated within the Regional Schemes have been proposed, viz.:

- The Sidwadweni Regional Water Supply under the Mhlontlo LM, which also supplies parts of the Nyandeni LM and rural villages within Tsolo and Tsolo Hospital: Approximately costs of R250million have been allocated for the development of the scheme since its inception and currently the last phase (phase 5) is on design.
- The Mvumelwano Regional Water Supply under the Mhlontlo LM, which supplies Qumbu town and other Rural Villages within Qumbu: Approximately R150million has been allocated for the development of the scheme since its inception and the first phase is being implemented.
- The Upper Culunca Regional Water Supply under the Mhlontlo LM, which supplies rural villages within Qumbu: Approximately R150million has been allocated for the development of the scheme since its inception and the last extension is under construction. Currently the possible construction of a Dam to sustain the scheme is under investigation and the submission of a business plan for additional funding may be put forward.
- The Port St Johns LM Regional Water Supply under the Port St Johns LM, which supplies rural villages: Approximately R90million has been allocated for the development of the scheme since its inception. Phase 2 of the bulk services is under construction and Phase 2b is on tender, with implementation scheduled for mid-2012l. A business plan an approximate amount of R25million has been submitted to the DWA for Dam construction.
- The Ngqeleni Regional Water Supply, which supplies 45 rural villages within the Ngqeleni LM: Approximately R100million has been allocated for the development of the scheme and the 2 phases which includes Ngqeleni Dam are at its completion stage.
- The Coffee-Bay Regional Water Supply under King Sabatha Dalindyebo LM, which supplies Coffee-bay and Rural Villages: Approximately R110million has been allocated for the development of the scheme, which is currently under construction.
- The Flagstaff Regional Water Supply under Ingquza Hill LM, which supplies Flagstaff town and rural villages: Approximately R94million has been allocated for the development of the scheme, which is currently in the design and tender stage.

Water has also been supplied through stand-alone schemes, boreholes, springs, streams and small rivers. **Table** below tabulates the water-backlogs in each of the LMs in the District.

Water Backlogs 2011/2012					
Name of Municipality	**Total Household**	**Household access to water**	**Household access to water as a percentage**	**Households below basic level of service/backlog**	**Households without access to water as a percentage**
King Sabatha Dalindyebo LM	93,384	49,150	52.6%	44,234	47,4%
Mhlonto LM	49,862	19,596	39.3%	30,266	60.7%
Nyandeni LM	56,853	21,226	37.3%	35,627	62.7%
Port St Johns LM	30,950	7,620	24.6%	23,330	75.4%
Ingquza LM	48.703	17,344	35,6%	31,359	64.4%

1.3.2 SANITATION SERVICES PROVISION

The DM developed a Sanitation Strategy in an effort to address its sanitation backlogs and challenges. The purpose of the strategy is to ensure that the issue of backlogs eradication is dealt with and that an appropriate sanitation model is provided to the communities/consumers for both urban and rural areas. The DM is also intending to upgrade all town sewer systems into full waterborne systems. As part of the Sanitation Strategy the Council adopted a standard pre-cast VIP structure in an effort to address quality and the size of the structure.

Only 1 (Mthatha town) out of 11 towns has got a full waterborne sewer system, which has now reached its design lifespan and has already exceeded its capacity. The wastewater treatment works was designed to accommodate 12Ml/d and the current flows are estimated above 18Ml/d with exclusion of flows that do disappear within the sewer network. At the time of transfer only one out of 23 sewer pump stations was functional, with other areas not connected within the network system. Other towns are currently using either Septic tanks and or conservancy tanks.

The DM has undertaken a number of projects regarding the sewerage system:

- Eighteen sewer pump stations have been refurbished and an additional four sewer pump stations are under refurbishment;
- In partnership with the DWA, the DM has refurbished the wastewater treatment works and is repairing/replacing sewer networks within Mthatha, increasing its capacity and ensuring that it is able to release effluent that meets the regulator's standards; and
- Also in partnership with the DWA, the DM managed to replace steel manhole covers with concrete covers and replace old AC sewer pipes.

In further work aimed at implementing the sanitation strategy, the DM is currently at design stage with the upgrading of sewer system into waterborne sewer in the following towns:

- Mqanduli: At detail design stage;
- Flagstaff: Under construction;
- Tsolo: At detail design stage;
- Lusikisiki: Under construction;
- Nyandeni and Port St Johns: Already funded at tender stages; and
- Ngqeleni and Qumbu: Business plan development stage.

Table below tabulates the number of households for each Local Municipality that are currently served with basic sanitation services:

Table: Sanitation Backlog 2010/2011

Name of Municipality	Total Number of Households	Households with access to sanitation	Household access to sanitation 2009/2010	Households provided with basic sanitation by 2010/2011	Households with access to sanitation 2010	Households without basic sanitation
King Sabatha Dalindyebo LM	93 384	41 016	43.9%	1 406	45.43%	54.57%
Mhlontlo LM	49 862	16 646	33.4%	0	33.4%	33.4%
Nyandeni LM	56 853	12 833	22.6%	4 241	30%	70%
Ingquza Hill LM	48 703	9 927	20.4%	1 809	24.10%	75.90%
Port St Johns LM	30 950	8 810	28.5%	1 021	31.76%	68.24%

1.4. FINANCIAL HEALTH OVERVIEW

1.4.1 FINANCIAL OVERVIEW

The Budget and Treasury Office in the District Municipality is experiencing a critical shortage of staff. The available staff is not coping with the demands and requirements of a functional BTO. The managers reporting to the Chief Financial Officer do not have the necessary support staff to execute their functions. This hampers the District Municipality to comply with the basic requirements of the MFMA and its regulations as well as general financial Management. This status quo has been prevailing for a number of years. The environment is conducive for the enabling opportunity for fraud and corruption. The existing BTO organogram is not responsive to the demands and the basic requirements of the MFMA and its regulations as well as general financial Management. The District Municipality will face an uphill and insurmountable challenge in attaining the Nation target of operation clean audit in 2013/14 financial year. Currently there is no infrastructure in place to achieve the said target. The existing control environment is not enabling the District Municipality to detect the irregular and wasteful expenditure as well as fraud and corruption. The District Municipality is depending upon the Office of the Auditor-General which only comes after the end of financial year to be aware of the most material non-compliance with laws and regulations. The ultimate approval of the BTO organogram shall assist the District Municipality to function optimally.

1.4.2 FINANCIAL OVERVIEW FOR 2011/12 2011/12 TABLE

2011/12

R thousands or R	Original Budget	Budget Adjustments *(i.t.o. s28 and s31 of the MFMA)*	Virement *(i.t.o. Council approved by-law)*	Final Budget	Actual Outcome	Unauthorized expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	1	2	3	4	5	6	7	8	9
Financial Performance									
Property rates									
Service charges	110,450,000	14,994,438		125,444,438	120,794,902		4,649,535	96%	109%
Investment revenue	9,774,338	1,500,000		11,274,338	32,764,780		(21,490,442)		
Transfers recognised - operational	715,798,729	(318,263,640)		397,535,089	749,040,938		(351,505,849)	188%	105%
Other own revenue	99,245,455	20,560,982		119,806,437	41,012,948		78,793,489	34%	41%

2011/12

R thousands or R	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Virement (i.t.o. Council approved by-law)	Final Budget	Actual Outcome	Unauthorized expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
Total Revenue (excluding capital transfers and contributions)	**935,268,522**	**(281,208,220)**	**-**	**654,060,302**	**943,613,569**		**(289,553,267)**	**144%**	**101%**
Employee costs	246,460,603	(38,287,542)		208,173,061	194,323,905		13,849,156	93%	79%
Remuneration of councillors	9,525,789	606,161		10,131,950	9,374,636		757,314	93%	98%
Debt impairment	27,500,000	-		27,500,000	25,845,661		1,654,339	94%	94%
Depreciation & asset impairment	150,000,000	-		150,000,000	174,915,997		(24,915,997)	0%	0%
Finance charges	-	-		-	15,850		(15,850)	0%	0%
Materials and bulk purchases	71,545,408	-		71,545,408	58,491,191		13,054,217	82%	82%
Transfers and grants	64,295,648	8,094,000		72,389,648	72,682,280		(292,632)	0%	0%
Other expenditure	515,941,074	(251,620,839)		264,320,235	567,643,964		(303,323,729)	215%	110%
Total Expenditure	**1,085,268,522**	**(281,208,220)**	**-**	**804,060,302**	**1,103,293,484**	**-**	**(299,233,182)**	**137%**	**102%**
Surplus/(Deficit)	**(150,000,000)**	**(0)**	**-**	**(150,000,000)**	**(159,679,915)**		**9,679,915**	106%	106%
Transfers recognised - capital	280,806,270	440,575,072		721,381,342	113,897,404		607,483,938	16%	41%
Contributions recognised - capital & contributed assets	-			-					
Surplus/(Deficit) after capital transfers & contributions	**130,806,270**	**440,575,072**	**-**	**571,381,342**	**(45,782,511)**		617,163,853	-8%	-35%
Share of surplus/ (deficit) of associate									
Surplus/(Deficit) for the year	**130,806,270**	**440,575,072**	**-**	**571,381,342**	**(45,782,511)**	**-**	**617,163,853**	**-8%**	**-35%**
Capital expenditure & funds sources									
Capital expenditure	**280,806,270**	**440,575,072**		**721,381,342**	**119,552,752**		**607,483,938**	0%	43%
Transfers recognised - capital	280,806,270	440,575,072		721,381,342	119,552,752		601,828,590	0%	43%
Public contributions & donations	-	-		-	-		-	0%	0%
Borrowing	-	-		-	-		-	0%	0%
Internally generated funds	-	-		-			-	0%	0%
Total sources of capital funds	**280,806,270**	**440,575,072**		**721,381,342**	**119,552,752**		**601,828,590**	0%	43%
Cash flows									
Net cash from (used) operating	280,693,770	444,187,572		724,881,342	400,068,038		324,813,304	55%	143%
Net cash from (used) investing	(280,806,270)	(400,664,072)		(681,470,342)	(121,032,880)		(560,437,462)	18%	43%
Net cash from (used) financing	-			-	170,557		(170,557)	0%	0%
Cash/cash equivalents at the year end	**210,367,463**	(20,000,682)		**190,366,781**	**279,205,715**		**(88,838,934)**	147%	133%

Variance analysis for a variance above 10%

Revenue

- **Investments**
  The difference of R21,5 Million is due to Interest charged on service charges amounting to R18,5 Million as well as R3 Million of additional interest earned on investments.
- **Transfers recognized**

  The difference of R351,5 Million is mainly due to Municipal Infrastructure Grant which was which was fully recognized as capital expenditure in line circular 58. In the annual financial statements , only the portion of capital expenditure which meets the criteria for the asset recognition is capitalized into statement of financial position as an asset. Circular 58 requires that the whole Municipal Infrastructure Grant should be classified as the capital expenditure.

- **Other own revenue**

  The difference of R78,8 Million is mainly due to the under-spending of the Municipal Infrastructure Grant which affected VAT on conditional grant. Furthermore, the other VAT on unconditional grants is not recognized in the statement of financial performance.

Expenditure

- **Depreciation and Impairment of assets**

  The difference of R24,9 Million is mainly due to the understatement of budgeted depreciation which was based on 2010/11 financial year .

- **Material and Bulk purchases**
  The difference of R13 Million is mainly due to

- **Other expenditure**
  The difference of R303,3 Million is mainly due to the conditional grant expenditure which has been recognized as operational expenditure because it did not meet asset recognition. The greater part of the conditional expenditure relates to Municipal Infrastructure Grant which is capitalized in terms of circular 58.

- **Transfers recognized capital**
  The difference of R607 Million is mainly due to the recognition of Municipal Infrastructure Grant expenditure which relate to water infrastructure which was capitalized in the annual financial statements, whereas in the budget the whole Municipal Infrastructure Grant was recognized as capital in terms of circular 58.

All the grants were received as per Division of Revenue Act during 2011/12 financial year. The cash flow from operating activities has increased as compared to previous financial year. The reason for the increase is mainly attributed to under-spending of Municipal Infrastructure Grant. This is reflected on balance of cash and equivalents at the year end. The spending of capital

assets during the year under-review was less than previous year mainly due to the under-spending of Municipal Infrastructure Grant. The District Municipality was financially stable during the year ended 30 June 2012.

1.5. ORGANISATIONAL DEVELOPMENT OVERVIEW

1.5.1 ORGANISATIONAL DEVELOPMENT PERFORMANCE

The non implementation of the job evaluation / benchmarking results has been a source of demotivation for a number of employees. As such the District Municipality prioritised finalising the job evaluation process in 2011/12 as well as the placement process, though the later could not be finalized due to several appeals that are yet to be attended to into the next financial year.

The filling of vacant critical positions, particularly in the Budget and treasury office, as well as infrastructure and services departments were also matters to be attended to during this financial year.

1.6. AUDITOR GENERAL REPORT

The municipality received a disclaimer audit opinion in the 2011/2012 financial year. The accounts of this municipality were found to be deficient in essential detail for the Auditor General to form an opinion as the financial viability or rectitude of this municipality.

1.7. STATUTORY ANNUAL REPORT PROCESS

No.	Activity	Timeframe
1	Consideration of next financial year's Budget and IDP process plan. Except for the legislative content, the process plan should confirm in-year reporting formats to ensure that reporting and monitoring feeds seamlessly into the Annual Report process at the end of the Budget/IDP implementation period	August
2	Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting).	July
3	Finalise the 4th quarter Report for previous financial year	
4	Submit draft year 2011/12 Annual Report to Internal Audit and Auditor-General	August
5	Municipal entities submit draft annual reports to MM	
6	Audit/Performance committee considers draft Annual Report of municipality and entities (where relevant)	January
8	Mayor tables the unaudited Annual Report	
9	Municipality submits draft Annual Report including consolidated annual financial statements and performance report to Auditor General	October
10	Annual Performance Report as submitted to Auditor General to be provided as input to the IDP Analysis Phase	
11	Auditor General audits Annual Report including consolidated Annual Financial Statements and Performance data	September - October
12	Municipalities receive and start to address the Auditor General's comments	November
13	Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor- General's Report	January
14	Audited Annual Report is made public and representation is invited	January
15	Oversight Committee assesses Annual Report	February-March
16	Council adopts Oversight report	March
17	Oversight report is made public	April
18	Oversight report is submitted to relevant provincial councils	March
19	Commencement of draft Budget/ IDP finalisation for next financial year. Annual Report and Oversight Reports to be used as input	March

CHAPTER 2 - GOVERNANCE

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNNCE

The Constitution in section 151 (3) states that the council of a municipality has the right to govern on its own initiative, the local government affairs of the local community.

2.1. POLITICAL GOVERNANCE

2.1.1 INTRODUCTION TO POLITICAL GOVERNANCE

The Local Government Municipal Systems Act (MFMA) no. 56 of 2003, section 52 (a) prescribes that the Mayor must provide general political guidance over the fiscal and financial affairs of a municipality.

The Executive Mayor is the political head of the institution. The Executive Mayor chairs the Mayoral Committee composed of 10 portfolio heads as listed below:

MAYORAL COMMITTEE/ EXECUTIVE COMMITTEE

LIST OF MMC'S & THEIR PORTFOLIOS			
No	**SURNAME**	**INITIALS**	**PORTFOLIO**
1	Soguntuza	N.	Special Programmes
2	Mambila	L.N.	Infrastructure and Services
3	Nogumla	R.Z.	Finance, Budget and Auditing
4	Mbede	B.	Human Resources and Corporate Services
5	Nkani	B.J.	Health and Community Services
6	Mlamli	S.	Economic Development , Planning, Tourism & Agriculture
7	Ngozi	W.	Policy Development, Research, IGR & Community Liaison
8	Socikwa	M.	Land, Housing & Human Settlement
9	Njemla	S.	Transport Planning
10	Dyule	N.W.	Sports, Arts, recreation, Culture, Heritage & Amenites

Portfolios are required meet every Tuesday of the week. Reports or Memoranda from the portfolios are presented to priority clusters for management input and scrutiny. Reports and Memoranda are then presented to the Standing Committees by the Portfolio Heads. Standing Committees engage the reports and memoranda. The chairpersons of the five standing committees then present the consolidated reports of their committees to the Mayoral Committee reports. The Mayoral Committee engages the reports and memoranda and the Executive Mayor presents the consolidated report to Council with recommendations for Council decisions. The municipality has both the Audit Committee and the MPAC for oversight purpose.

OVERSIGHT ROLE OF COUNCIL AND SECTION 79 COMMITTEES

The district municipality has three Section 79 Committees which are managed and coordinated by the Office of the Speaker. These committees are fully functional and hold quarterly meetings unless there are urgent issues that warrant their attention. The fulltime status of the following Section 79 Committee Chairpersons was approved by the MEC with effect from the 01st June 2012.

- Rules Committee
- Ethics and Members' Interest Committee
- Municipal Public Accounts Committee

Municipal Public Account Committee (MPAC) is being chaired by a councilor from the opposition party for effective oversight purposes. It is constituted by non-executive councilors. Several training workshops have been conducted on the Functionality of MPAC Committee. After the Annual report for 2010/2011 was tabled to Council on 31 January 2012, it was taken to communities in line with Section 127 (5)(a) of the MFMA, by the Municipal Public Accounts Committee (MPAC). MPAC Road Shows were held in all 5 Local Municipalities from 14-20 March 2012. The Oversight report contained in the Annual Report was taken to Council on the 30th March 2012 and adopted with reservations. Centrally to council taking this resolution was that during oversight roadshows on the annual report that the committee conducted, there were number a disputes by communities on some of the reported performance achievements. The majority of disputes related to water and sanitation projects.

Immediately after the 2011/2012 Annual report has been tabled to council, the MPAC committee will look at the report and arrange oversight roadshows with local communities to verify what

has been reported in the annual report. After the Annual Report has been adopted by the council before the end of March 2013, the Oversight Report will be published within 7 days in accordance with MFMA. It will also be sent to the Provincial legislature, Provincial Treasury and Local Government.

Ethics and Members Interest Committee –This Committee has managed to take three policies to Council for adoption – Code of Conduct for Councillors; Declaration of Interest Policy; and Policy on Councillor Benefits. This committee has arranged capacity building programmes for councilors and has facilitated the enrolment of councilors in higher learning institutions for extensive training programs. About 15 councillors have been registered for a Certificate in Local Government Law and Administration; 2 are completing their Masters in Public Administration.

Rules Committee: Chaired by the Speaker. This committee has arranged a workshop on Council Standing Orders. The workshop was conducted by a delegation from the City of Johannesburg on the 1^{5th} February 2012.

POLITICAL STRUCTURE

EXECUTIVE MAYOR	SPEAKER	CHIEF WHIP
		
CLLR D.J. Myolwa	**CLLR N. Meth**	**CLLR N. Ntobongwana**

2.1.2 COUNCILLORS

List of councillors

In terms of Section 12 Notice of Local Government: Municipal Structures Act, Act No. 117 of 1998, O.R. Tambo is a category C municipality which consists of 60 Councillors representing various political parties as shown in the table below

MEMBERS PER POLITICAL PARTY	TOTAL NO. OF CLLRS	PART-TIME CLLRS	FULL-TIME CLLRS	NUMBER OF FEMALE CLLRS
ANC members	49	35	14	23
UDM members	6	5	1	0
COPE members	3	3	0	0
DA member	2	2	0	1
TOTAL	60	45	15	24

Number of indirectly elected councillors per local municipality

NAME OF MUNICIPALITY	NO. OF COUNCILORS
King Sabatha Dalindyebo	**12**
Nyandeni	**7**
Port St Johns	**4**
Ingquza Hill	**7**
Mhlontlo	**6**

In addition to 60 councilors, there are 12 Traditional Leaders participating in Council in terms of Section 81 of Local Government: Municipal Structures Act. Refer to **Annexure A** where a full list of Councilors can be found (including committee allocations and attendance at council meetings). Also refer to **Annexure B** which sets out committees and committee purposes.

2.1.3 POLITICAL DECISION-TAKING

Sitting of Council Meetings

There is a Council approved Calendar that guides the sitting of Council and Committee meetings. According to the Council Calendar, Standing Committees sit at least twice a month to allow for oversight processes to take place. During this term at least 2 ordinary and 8 Special Council meetings were convened in terms of Section 29 (1) and (2) of Local Government: Municipal Structures Act, No 119 of 1998 and all of them were publicized to enhance accessibility to the general public.

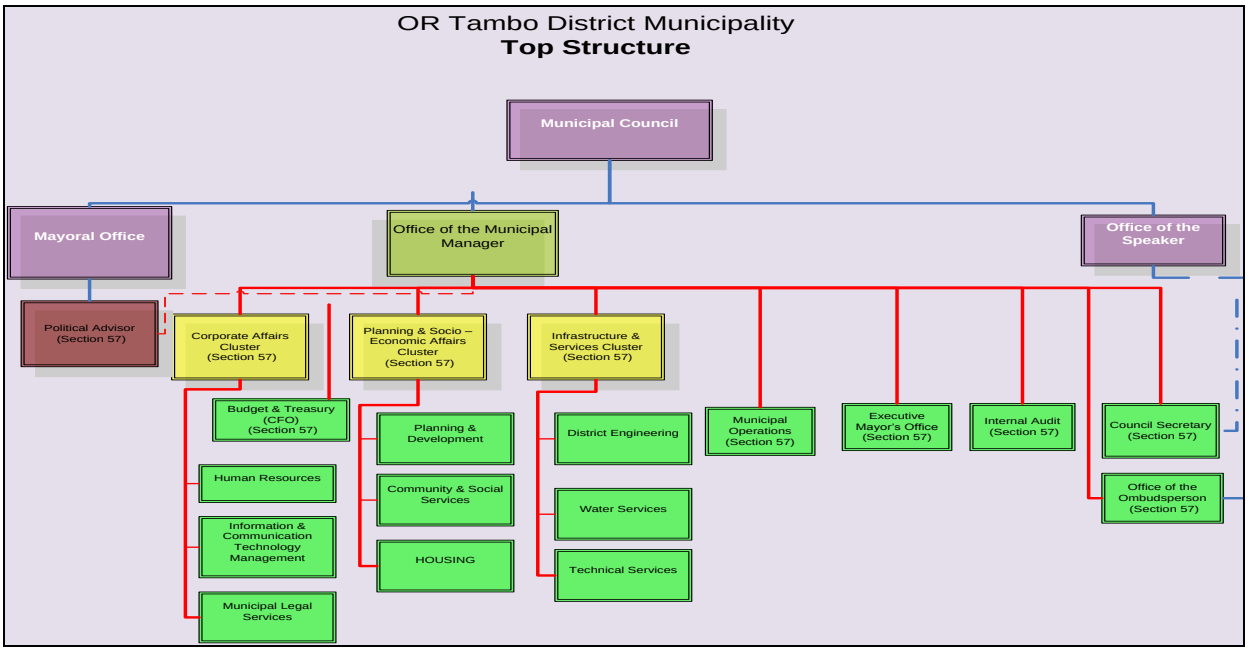
Council meetings are scheduled to sit at least once quarterly in terms of Sect 18 (2) of the same Act and are publicized and open to the public in terms of Sect 21(1) of Local Government: Municipal Systems Act, No.32 of 2000. The Office of the Speaker has managed to take Council to the people by organising a very successful Open Council that was attended by more than 5000 community members at Mhlontlo Local Municipality. The aim was to report on the

achievements of the new Council in its First 100 Days in Office. The O.R. Tambo District Municipality has managed to convene 3 Ordinary and 10 Special Council Meetings. Resolutions taken by Council during 2011/12 financial year, amount to 101.

2.2. ADMINISTRATIVE GOVERNANCE

The MFMA section 60 (b), prescribes that the Municipal Manager of a municipality is the accounting officer of the municipality for the purpose of this Act and must provide guidance on compliance with the Act to political structures; political office bearers and officials of the municipality and any entity under the sole or shared control of the municipality.

The O.R. Tambo DM has approved an organizational structure with a senior management level, who are all employed in terms of section 56 and 57 of Local Government Municipal Systems Act (MSA) , no. 32 of 2002. The structure is as presented below:



Most of the positions reflected in the figure above were filled in 2011/12 except for the positions of as The Director Human Resource (but an acting director was appointed during (11/12), the Strategic Director responsible for Infrastructure and Services cluster as well as that of the Director: Ombudsperson. During 2011/12 there were no structural reviews held and no changes were implemented. All approved posts in the current organogram are depicted in Annexure C.

COMPONENT B: INTERGOVERNMENTAL RELATIONS

INTRODUCTION TO CO-OPERATIVE GOVERNANCE AND INTERGOVERNMENTAL RELATIONS

Section 3 of Local Government Municipal Systems Act No. 32 of 2002 prescribes that municipalities must exercise their executive and legislative authority within the constitutional system of cooperative governance as envisaged in section 41 of the Constitution. The O.R. Tambo DM as part of the Local Government Sphere of government has an obligated to perform its powers and functions in the context of a constitutionally mandated system of cooperative governance. The DM has supported and cooperated with all five (5) Local Municipalities within its area of jurisdiction and also cooperated and received support from the Provincial and National sector departments.

The DM has implemented a number programmes in support to the Local Municipalities. These included the financial support offered to Mhlontlo and Port St Johns, legal services support offered to all LMs, which included defending cases on behalf of the LMs, Support on Internal Audit function offered to Mhlontlo and Port St Johns LMs as well as various other support programs implemented by the various departments in the DM.

The DM has also benefited from support offered by the various National and Provincial Sector departments, which include the following:-

- Departments of Water Affairs supporting with the delivery of water and sanitation services,
- the department of Public Works on the implementation of Expanded Public Works Programme (EPWP),
- department of Human Settlements, with the DM as an implementing agent for the Housing development projects in the district,
- the department of Economic Development and Environmental Affairs with the implementation of various Local Economic Development Projects as well as Environmental management,
- the department of Roads and Transport on transport planning, department of Local Government and Traditional Affairs on service delivery planning, performance monitoring

and reporting (IDP and PMS), as well as improving the effectiveness of IGR in the district,

- The Provincial and National Treasury supporting on monitoring and reporting on budgeting and budget implementation, checking consistency with the Government's fiscal and macroeconomic policy and whether Provincial budgets are taken into account. Also monitoring compliance with the MFMA as well as norms and standards of sound financial management.

2.3. INTERGOVERNMENTAL RELATIONS

2.3.1 NATIONAL INTERGOVERNMENTAL STRUCTURES

The District Municipality is participating in the Presidential Intervention Programme at KSD Local Municipality which involves various National Department. This programme is focused on infrastructure development in this local municipality which is the economic hub of the District Municipality. Through this programme, N2 had been upgraded, various streets, improvement in the Water Treatment Plants around Mthatha, Mthatha Airport Upgrading.

2.3.2 PROVINCIAL INTERGOVERNMENTAL STRUCTURE

The O. R. Tambo District Municipality is participating in the Provincial Muni-MEC and Provincial Technical Support Group to deal with matters such as the implementation of Municipal Turn-Around Strategy, International Relations matters and Municipal Support Programs. Out of these meetings, the District Municipality had been able to be assisted by the DLGTA to ensure that all Sector Departments are paying their municipal debts for water services and assistance on financial management through the DLGTA to various local municipalities in the jurisdiction of O. R. Tambo District Municipality. The District Municipality is also participating in the Provincial Speaker's Forum wherein all speakers of the Province deals with matters pf good governance including public participation. The District Municipality is also participating in Provincial meetings dealing with IDP development and assessment led by the DLGTA which had also contributed in the improvement of the quality of the IDP of the District Municipality.

2.3.3 RELATIONSHIPS WITH MUNICIPAL ENTITITIES

The DM established Ntinga O.R. Tambo Development agency, a utility company and a special purpose vehicle responsible for spearheading Local Economic Development in the district. The entity has the Chief Executive Officer as the accounting officer and a board of directors, in which the political and administrative structures of the DM are represented. The entity is established to be the implementing agent of the O.R. Tambo District Municipality's (ORTDM) LED programmes focusing on:-

- Strategic Infrastructure such as rail dams, electrification, roads (priority surfaced and rural access roads)
- Agriculture and Food Production
- Mari culture and Tourism
- Social Infrastructure ad Services
- Institutional Building
- Any other functions delegated to Ntinga by ORTDM in terms of its powers and functions.

DISTRICT INTERGOVERNMENTAL STRUCTURES

The Executive Mayor is the political champion of IGR in the district and this function has been delegated to the Policy, Research, IGR and Community liaison portfolio. This delegation has assisted a lot in the coordination and political oversight of the function itself and also the fact that the administration capacity to support IGR has been improved.

The role of the District Intergovernmental Forum is to serve as a Consultative Forum for the District Municipality and the Local Municipalities, Provincial, National Government Departments in the District to discuss and consult each other on matters of mutual interest, including:-

a) Draft National and Provincial policy and legislation relating to matters affecting Local Government interests in the District.
b) The implementation of National and Provincial policy and legislation with respect to such matters in the District.
c) Matters arising in the Premier Intergovernmental Forum or MUNIMEC are affecting the District.
d) Mutual support in terms of Section 88 of the Local Government: Municipal Structures Act, 1998 (Act no. 117 of 1998);
e) The provision of services in the District;

f) Coherent planning and development in the District;
g) The co-ordination and alignment of the Strategic and performance plans and priorities, objectives and strategies of the Municipalities in the District; and
h) Any other matter of strategic importance which affect the interest of the Municipalities in the District.
i) Submission and coordination of allocation of resources to MTF budget.

The functioning of the Intergovernmental Relations is improving in the O.R. Tambo district, particularly the District Mayor's forum (DIMAFO) and the various sector fora including those linked to the IDP. Most of these fora, particularly the DIMAFO have achieved their target of meeting at least once per semester. The DIMAFO is technically supported by the Municipal Managers' Forum as well as the various sector based fora.

District AIDS Council is a multi-sectoral structure composed of civil society, government departments, non-governmental organizations and community based organizations. Its mandate is to coordinate all HIV and AIDS programs in the district support Local AIDS Councils and be responsible for the integration and mainstreaming of HIV/AIDS programmes in all sectors.

The District Communicators Forum (DCF) composed of five Local Municipalities, Government Departments, Government Communications Information Systems and the Office of the Premier. Its function is to integrate and mainstream all government programmes within the government tiers. The District Communicators Forum is also responsible for the effective communication of all government programmes. The forum convenes on a monthly basis.

The District Speaker's Forum is an IGR structure whose objectives include the building of common understanding from shared experiences; co-ordination of work in areas of common interest; and the development and management of municipal programmes between local municipalities and district municipalities. O. R. Tambo District Municipality has a responsibility of co-coordinating its local municipalities in a structured manner for information sharing purposes. The Office of the Speaker has hosted two District Speaker's Forums.

The focus of IGR in the District had shifted from just establishing structures but more on making service delivery central in its agenda. The review of IGR Policy Framework is at draft stage, and all relevant stakeholders were actively involved in its development processes.

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

Section 17 (2) of the Local Government Municipal Systems Act no. 32 of 2000: requires a municipality to establish and organise its administration to facilitate a culture of accountability amongst its staff. Section 16 (1): states that a municipality must develop a system of municipal governance that compliments formal representative governance with a system of participatory governance. Section 18 (a) - (d): requires a municipality to supply its community with information concerning municipal governance, management and development.

The IDP Representative Forum is the main organizational mechanism in place for discussion, negotiation and decision-making between stakeholders with the municipal area. It is constituted of Councilors, Mayors and Municipal managers of all constituent municipalities, representative of organised role playing groups, NGO, Senior officials from Government departments and municipal heads of departments. A number of meetings and road shows were conducted; radio announcements (UNITRA Community Radio, Ikhwezi FM, Alfred Nzo Community Radio and Umhlobo Wenene) and local newspaper publications, (Daily dispatch, Pondo News, Ikhwezi news, Mthatha Herald) were made as an effort to ensure that the public is actively involved throughout the process.

IDP and Budget are very important documents that have programs and funding for all municipal projects. Municipalities are by law expected to create platforms for members of the public to participate in drafting IDP and Budget. In light of the above, a public notice was issued out notifying the community about the schedule of visits. All local municipalities were visited and approximately seven to ten thousand people attended the IDP & Budget road shows and improvement in attendance could be ascribed to improved mobilisation and provision of transport to communities to be able to get to the venues.

The methodology followed this time was to allow communities to voice their views on service delivery under general and not to be specific on the presented draft IDP and budget. A booklet containing a summarized version of the presentation in Xhosa made it very easy for communities to follow the presentation and this was highly appreciated. After the IDP and Budget Road-shows, the draft IDP and Budget are then amended to reflect the needs of the public where necessary. They are then taken to the open council meeting for adoption where members of the public are invited to attend.

2.4. PUBLIC MEETING

2.4.1 COMMUNICATION, PARTICIPATION AND FORUMS

The examples of public communication and participatory initiatives employed in the municipality include the use of local radio stations, local newspapers, social networks, posters, street banners, electronic billboard and formal established structures such as Ward Committees, Council Meetings, School Governing Bodies and Non Governmental Organizations. The municipality makes use of Mayoral Imbizos, IDP Road-shows and Mayoral District Forums (consists of all Local Mayors, Municipal Managers, National and Provincial Sector Department Heads in the Region). IDP, Budget and Performance Road-shows are conducted during the third quarter of each year throughout the district by clustering the region into manageable five centres per local municipality targeting 300 community members per centre.

Public Participation Section has conducted an audit on the existence of ward centers in each local municipality:

- Mhlontlo Local Municipality – Only 09 ward centers are in existence, out of 26 wards.
- Ingquza Hill Local municipality – Only 3, out of 31 wards
- KSD Local Municipality – Only 4, out of 35 wards
- Nyandeni Local Municipality – Only 4, out of 31 wards
- PSJ Local Municipality – Only 8, out of 20 wards

District Speaker's Outreaches have been held successfully in 4 local municipalities, Mhlontlo, Ingquza Hill, Nyandeni and Port St John's. The theme of the outreach was centered on the role of the community in Local Government programs. More than 500 delegates were in attendance.

Participation of Traditional Leaders in Council

Section 212 (1) of the Constitution of the republic of South Africa refers to the recognition of the institution of Traditional Leadership by stipulating that national legislation may provide for a role for the institution of traditional leadership at local level on matters affecting local communities.

In relation to the above, the **Council of O.R Tambo District Municipality has been joined by 12 Traditional Leaders who were sworn in on the 30th of April 2012.** There was no customer service survey done during the period under review.

2.4.2 EFFECTIVENESS OF PUBLIC MEETINGS HELD

All local municipalities were visited and approximately seven to ten thousand people attended the IDP & Budget road shows and improvement in attendance could be ascribed to improved mobilisation and provision of transport to communities to be able to get to the venues. In each local municipality, the wards were clustered into four (4) venues, which provided a broad coverage of all wards and communities were provided transport to attend the meetings. The methodology followed this time was to allow communities to voice their views on service delivery under general and not to be specific on the presented draft IDP and budget. All the issues raised were recorded and with the presence of the officials, those issues that could be responded to at the venues were presented and some were responded to later on with written reports on these also included in the IDP.

2.5. IDP PARTICIPATION AND ALIGNMENT

Table 2.5.1 IDP participation

IDP Participation and Alignment Criteria*	**Yes/No**
Does the municipality have impact, outcome, input, output indicators?	Yes (except for impact indicators)
Does the IDP have priorities, objectives, KPIs, development strategies?	Yes
Does the IDP have multi-year targets?	Yes
Are the above aligned and can they calculate into a score?	Yes
Does the budget align directly to the KPIs in the strategic plan?	Yes
Do the IDP KPIs align to the Section 57 Managers	Yes
Do the IDP KPIs lead to functional area KPIs as per the SDBIP?	Yes
Do the IDP KPIs align with the provincial KPIs on the 12 Outcomes	Yes
Were the indicators communicated to the public?	Yes
Were the four quarter aligned reports submitted within stipulated time frames?	No 3 out of 4

COMPONENT D: CORPORATE GOVERNANCE

2.6. RISK MANAGEMENT

MFMA section 62 (i) (c) requires a municipality to have and maintain an effective, efficient and transparent system of risk management.

The municipality implements risk management so that it is in a position to take corrective action on possible obstacles towards the attainment of set objectives. The municipality has a risk management policy in place. Risk management is a function that is lead by senior management of the municipality. Internal audit provides support services in risk management processes. During the 2011/2012 financial year a risk assessment exercise was conducted. Management identified risks that they assessed as having an impact on the achievement of set objectives. Control measures were identified and the implementation of such controls was assigned to various people in the municipality. A department where risk assessment was not conducted was the budget and treasury office.

As part of the oversight processes over risk management, management is required to prepare reports at-least once a quarter. The audit committee has an oversight responsibility over risk management. Slow progress has been made in risk management reporting in that only few departments are regularly reporting on risk management. However, there was a noticeable improvement in the last quarter of the financial year and this suggests some level of maturity in risk management within the municipality. In future, the municipality will establish a dedicated risk management capacity.

The top five (5) risks that have been identified in the municipality are the following:

i) Budgeted own revenue may not be fully collected.
ii) Reliance on grant funding may cause the municipality not to achieve its objectives.
iii) Tariffs set for water and sanitation services may be understated.
iv) Budget may not be linked to the IDP of the municipality.
v) Prepared budgets may be unrealistic.

2.7. ANTI-CORRUPTION AND FRAUD

The municipality has an anti fraud and anti corruption policy in place. The municipality does not yet have anti fraud and anti corruption capacity. Internal audit unit plays a role in conducting certain investigations or coordinating those that are conducted by external parties. During the 2011/2012 financial year three investigations took place. By the end of the financial year these investigations were not concluded hence reports are still to be considered by Council. There are also cases that were reported to the South African Police Services.

One of the controls that have been adopted by the municipality is that the anti fraud and anti corruption policy must be made available to all staff. A declaration of conflict of interest policy was developed during the year. Councillors and senior management made their declarations. Fraud and corruption issues are standing items in audit committee meetings. However, it must be noted that in the second part of the 2011/2012 financial year the municipality did not have an audit committee in place hence it could not play oversight over fraud and corruption strategies that are implemented. The committee was appointed after the end of the financial year.

2.8. SUPPLY CHAIN MANAGEMENT

The District Municipality does not have SCM unit in its organogram as required by SCM regulations and Policy. This has made it impossible to fully comply with SCM policy and regulations. The total approved budget for the 2011/12 financial year was R1,5 Billion. This budget must have been implemented in full compliance with the SCM policy and regulations. Without the proper institutional arrangement in place, the prevention of irregular expenditure to an acceptable level will continue to be non-existence. The procurement of goods and services under R200,000 is generally done in unplanned and haphazard manner. This enables enough room for the wrong doings. The officials performing the SCM duties on a day to day basis do not have prescribed minimum competency levels.

2.9. BY-LAWS

By-laws Introduced during Year 0					
Newly Developed	Revised	Public Participation Conducted Prior to Adoption of By-Laws (Yes/No)	Dates of Public Participation	By-Laws Gazetted* (Yes/No)	Date of Publication

**Note: See MSA section 13.* *T 2.9.1*

2.10. WEBSITES

MFMA s75 sets out the information that a municipality must include in its website as detailed above. Municipalities are, of course encouraged to use their websites more extensively than this to keep their community and stakeholders abreast of service delivery arrangements and municipal developments.

Municipal Website: Content and Currency of Material		
Documents published on the Municipality's / Entity's Website	Yes / No	Publishing Date
Current annual and adjustments budgets and all budget-related documents	Yes	
All current budget-related policies	No	31-Mar-13
The previous annual report (Year -1)	No	31-Mar-13
The annual report (Year 0) published/to be published	No	
All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act (Year 0) and resulting scorecards	Yes	
All service delivery agreements (Year 0)	No	
All long-term borrowing contracts (Year 0)	No	
All supply chain management contracts above a prescribed value (give value) for Year 0	No	
An information statement containing a list of assets over a prescribed value that have been disposed of in terms of section 14 (2) or (4) during Year 1	No	
Contracts agreed in Year 0 to which subsection (1) of section 33 apply, subject to subsection (3) of that section		
Public-private partnership agreements referred to in section 120 made in Year 0	No	
All quarterly reports tabled in the council in terms of section 52 (d) during Year 0	No	
Note:		*T 2.10.1*

2.11. PUBLIC SATISFACTION ON MUNICIPAL SERVICES

No satisfaction surveys were conducted.

CHAPTER 3 – SERVICE DELIVERY PERFORMANCE (REPORT 1)

COMPONENT A: BASIC SERVICES

The OR Tambo district municipality is the Water Services Authority and Water Services Provider responsible for planning and implementation, operation and maintenance of water and sanitation services within the five local municipalities in the district. In terms of the law the District Municipality is therefore responsible for the development and the implementation of its water services by-laws, District Wide Water Master plans, Water Conservation & Water Demand Management and Water Services Master Plan.

Much of the existing water and sanitation infrastructure is not adequately maintained and in many cases, is not functioning. On-going refurbishment and maintenance is therefore imperative. O.R. Tambo District Municipality is a grant dependant municipality and most of its water services capital projects are funded through the Municipal Infrastructural Grant (MIG) which the Department of Cooperative Government (DCOG), the Eastern Cape Department Local Government and Traditional Affairs (DLGTA), National Treasury and Provincial Treasury have micro control. The bulk water supply is funded through the Bulk Infrastructure Grant Funding funded through the Department of Water Affairs (DWA). In terms of the law DWA is the regulator. The Operation and maintenance is funded through the equitable share from the Division of Revenue (DORA) and through own funding.

The year under review has seen the municipality facing major difficulties that have impacted negatively in the provision of services in the district. Poor MIG allocation not spent entirely which resulted into annual targets not 100% met. As a proactive District Municipality, efforts are still continuing to meet this need of the community while more permanent and sustainable solutions to the challenges are being investigated. Efforts to eradicate the backlogs in the district have been affected by funding problems during the period under review. Delays in awarding of tenders resulted in poor MIG expenditure.

Refurbishment of pump stations and Upgrading of WWTW to accommodate increasing demand has been a major focus area for the municipality. Focal point in year under review was to upgrade all sewer system into waterborne sewer system in all towns. Waste management and including roads and storm water management are the competency of the local municipalities'

while electricity is done by Eskom except Mthatha town where KDS Municipality is licenced to provide electricity.

In order to meet the needs of the communities, the District Municipality has entered into services level agreement with Amatola Water and Umgeni Water in the implementation of the projects while O.R. Tambo Ntinga Development agency is assisting the municipality with the social facilitation component.

3.1. WATER PROVISION

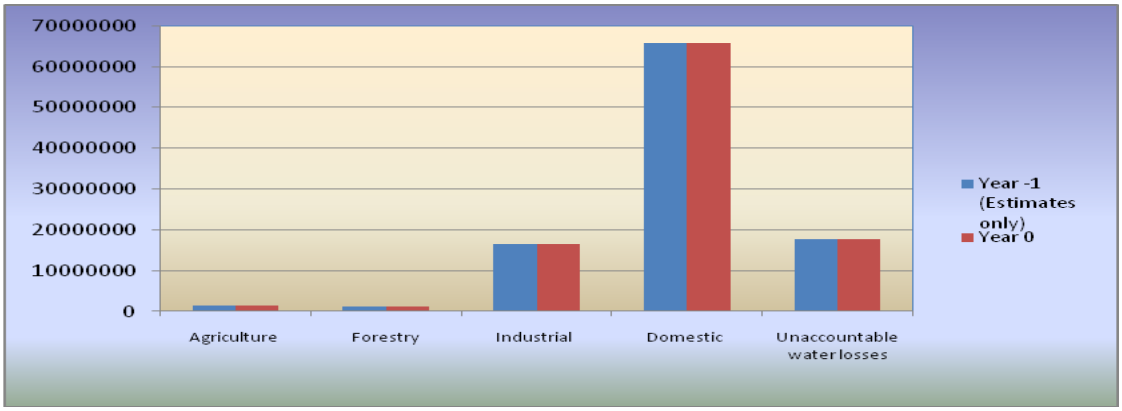
In July 2003 the District Municipality was pronounced as a Water Services Authority and Water Services Provider. During the summit held in 2006, it was resolved that the municipality must move away from the stand alone schemes into regional schemes. During the transition of moving away from stand alone schemes, it must be noted that there were fewer households connection as most projects concentrated mainly on bulk water supply. The Municipality managed to connect 1268 households out of 9500 households that were targeted during this financial year. At the end of the financial year 129 698 households were still not receiving water. The following water supply schemes were intiated during the 2011-12 financial year.

- PJS Regional Scheme
- Mthatha Regional Scheme
- Coffee Bay Regional Scheme
- Sdwadweni Regional Scheme
- Mvumelwano
- Flagstaff

At the end of 2011/12 financial year the municipality has managed to provide the 13 268 indigent people with free basic services as the municipality managed to refurbish 47 existing water scemes. In terms of blue drop status as defined by DWA, the municipality could not meet the minimum requirement due to classification of operators, building of operator rooms, appointment of process controllers, development and implementation of the Water Risk Abatement Plan, improvement of process controlling were not done. The municipality will be engaging the services of Amatola Water in order to meet the minimum requirement as set out by DWA

Table 3.1.2 Total use of water by sector

Total Use of Water by Sector (cubic meters)					
	Agriculture	Forestry	Industrial	Domestic	Unaccountable water losses
Year -1 (Estimates only)	45000	30000	16425000	65700000	17739000
Year 0	45000	30000	16425000	65700000	17739000



Most water demand comes from domestic use as there are fewer agriculture, forestry and industry in the district. The municipality is faced with high uncountable water a loss which was sitting at 27%. There is a need to reduce the water losses to acceptable levels. The Municipality developed a comprehensive water conservation and water demand management (WCDM) strategy which has been piloted in select towns of Mthatha, PSJ, Flagstaff and Lusikisiki with very positive results. Additional funding continues to be sought to complete these pilot projects and roll-out the strategy within all the water services infrastructure and facilities.

The O. R. Tambo District Municipality has a total of eighteen convectional (full treatment) water supply schemes and two packaged water treatment plants with the majority of the water supply schemes as hybrid and or partial treatment and borehole water supply schemes. Great progress has been made to increase the security and adequacy of water supply sources for the District Municipality through the harnessing of more and better resilient water sources. The development of Regional Water Supply Schemes and Sub-Regional Water Supply Schemes forms part of the strategy to ensure that enough investment is channeled towards the provision of credible, effective and resilient water resources and water services infrastructure and facilities to communities. The construction and commissioning of large water supply schemes will also improve the District Municipality's Blue Drop score which was sitting at 22 % against a National score of 53 %.

The district municipality has a dedicated free basic services unit (FBS) that coordinates the provision of water to communities that currently do not have water services. Water carting trucks, and jojo tanks continue to supply water to needy communities on an emergency and short-term basis while spring protection activities, and the repair of mal-functional schemes remains a key priority of the municipality. Efforts to increase and harness additional water services maintenance funding are perennial so as to reduce the turn-around times of resuming

services due to interruptions through break-downs or power shortages/cuts. To enhance water services within the district municipality, Amatola Water Board continues to support the district municipality to effectively discharge on this mandate.

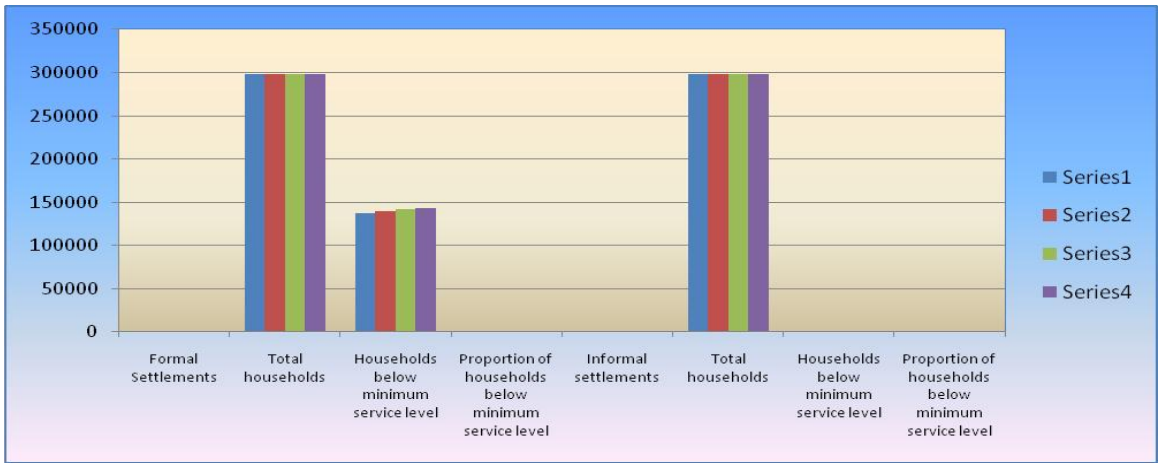
Table 3.1.3 Water services Delivery levels

WATER SERVICES DELIVERY LEVELS	
	NO. OF HOUSEHOLDS
DESCRIPTION	2011/12
Water: (Above min level)	
Piped water inside dwelling	38745
Piped water inside yard (but not in dwelling)	15700
Using public tap (within 200 m from dwelling)	48127
Other water supply (within 200 m)	12364
Minimum Service Level and above (Sub-total)	114936
Minimum Service Level and above (Percentage)	41%
Water: (Below min level)	
Using public tap (more than 200 m from dwelling)	16481.6
Other water supply (more than 200 m from dwelling)	49444.8
No water supply	98889.6
Below Minimum Service Level (sub-total)	164816
Below Minimum Service Level (Percentage)	59%
Total number of households (as per IDP)	279752

Table 3.1.4 Water services delivered below the minimum

HOUSEHOLDS - WATER SERVICES DELIVERY LEVELS BELOW THE MINIMUM						
DESCRIPTION	YEAR 2008	YEAR 2009	YEAR 2010	YEAR 2011		HOUSEHOLDS
	Actual No.	Actual No.	Actual No.	Original Budget No.	Adjusted Budget No.	Actual No
Formal Settlements						
Total households	298047	298047	298047	298047	298047	298047
Households below minimum service level	136934	139434	141934	143202	143202	143202
Proportion of households below minimum service level	46%	47%	48%	48%	48%	48%
Informal settlements						
Total households	298047	298047	298047	298047	298047	298047
Households below minimum service level	200	300	400	500	500	500
Proportion of households below minimum service level	0%	0%	0%	0%	0%	0%

NOTE: *The O.R. Tambo DM has taken a conscious decision to formalise most informal settlements and improve on other inadequate accommodation to*



* Means access to 25 liters of potable water per day supplied within 200m of a household and with a minimum flow of 10 liters per minute
6,000 liters of potable water supplied per formal connection per month

The graph indicates that there are few 5996 informal households within the District Municipality.

TABLE 3.1.6 WATER SERVICES POLICY OBJECTIVES

Strategic Objectives	KPI Ref. No	KPI	Baseline	11/12 Annual Target	Actual Performance	Reasons for Variation	Corrective Measures	Means of Verification	Responsible Department
1.1 To increase the number of households in the District that have affordable and potable water	1.1.1	Number of new households connected to RDP standards	15 000	9 500 households	1 268	Delays in approvals and awards	Integrated planning with the relevant sector departments, improvement of the supply chain processes, appointment of high capacity contractors	Completion Certificates	TECHNICAL SERVICES
	1.1.2	Water: Number of indigent households with access to free basic services.	158 525	15 000	13 268	Delays in approvals and awards	Integrated planning with the relevant sector departments, improvement of the supply chain processes, appointment of high capacity contractors	indigent register and water carting records	
	1.1.3	number of water schemes refurbished	22	32	47	The appointment of Amatola Water to refurbish water schemes has contributed in the achievement of the set target	Target achieved	O & M Plan	Water Services
1.2 To ensure a sustainable, reliable and affordable provision of sanitation services in the entire district (both urban and rural areas)	1.2.1	Number of sewer treatment / works pumps maintained to ensure functionality	80% sewer treatment works	Repair 5 sewer pump stations	80% (4 out of 5 pumps)	The electrical panel and electric cables are stolen at A-Station	Intensify the security and routine patrol around the pump station and installation of CCTV cameras	O & M Plan	
	1.2.2	Number of town sewer systems upgraded.	1	**5 PROJECTS** 1.Mqanduli Sewer 2.Mthatha WWTW 3.Tsolo Town Sewer 4.Flagstaff Town Sewer 5.Lusikisiki Town Sewer Implemented to 20%	Achieved for 4 towns. Mqanduli Sewer, Tsolo Sewer, Flagstaff Sewer, Lusikisiki Sewer. The delay is with the Mthatha WWTW	Consultant appointed late for Mthatha WWTW.	Consultant to submit design and advertise for tender	Final Design Approval Award Letters Handover Minutes	Technical services
	1.2.5	Number of households that have access to basic level of sanitation (VIP toilets)	22 000	27 200	18 944 households	No variation	Target achieved	Award Letters Completion Certification Progress Reports	
1.3 To ensure full compliance with District Municipality's status as a WSA	1.3.1	Reviewed and updated Water Services Development Plan (WSDP)	Approved WSDP	Approved WSDP	Tender stage	Delays in award of tender	Improving the sitting of bid committees	Approved WSDP	Water services
	1.3.2	Number of water treatment works/ pumps that achieve the Blue Drop Status	45%	4 water treatment plants	none	Moratorium on the filling of vacant posts of process controllers	Filling of vacant posts and improvement of process contolling	Annual Blue Drop Assessment Report	
	1.3.3	Number of water treatment works/ pumps that achieve the Green Drop Status	45%	4 water treatment plants	none	The green Drop assessment will take place in September 2012, it was not done in 2011/12	Classification of sewer ponds, building of operator rooms, appointment of process controllers, fencing of ponds, development and implementation of the Water Risk Abatement Plan	Annual Blue Drop Assessment Report	

TABLE 3.1.9 2011/12 CAPITAL EXPENDITURE

Capital Expenditure 2011/12 Water Services R' 000					
Capital Projects	Year 2011/12				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
TOTAL (ALL WATER)	587 445.67	296 653.00	252 155.05	44 497.95	2 876 749.52
Extension of Coffee-Bay Regional Water Supply	113653,953	24 320	20672	3 648	185000
Upgrading of Thornhill Water Treatment Works	63 675.61	22286.464	18943.49457	3 343	137000
Upgrade of Mthatha Raw Water Bulk line	57 925.00	20 273.750	17232.6875	3 041	64450
Extension of Rosedale Water Supply to Libode	146 750.06	55 000	46750	8 250	215750
Extension of Thekwini Water Supply (Phase 2)	61 199.52	30 000	25500	4 500	61 199.52
Dumasi Water Supply	12 772.79	12 773	10856.8698	1 916	96450
Culunca Dam	25 902.13	17 000	14450	2 550	29450
Extension of Mvumelwano Water Supply	27 515.14	20 000	17000	3 000	32450
Flagstaff Regional Water Supply	148 705.41	42 000	35700	6 300	231000
Ingquza Hill Regional Water Supply (master plan)	10 000.00	13 000	11050	1 950	1750000
PORT ST JOHNS Off Channel Dam for Regional Water Supply and Extension to villages	33 000.00	40 000	34000	6 000	74000

LM	ALLOCATION 2010-11	ALLOCATION 2011-12	SANITATION 2010-11	SANITATION 2011-12	WATER 2010-11	WATER 2011-12
KSD	143,850.22	173,009.27	86,310.13	103,805.56	57,540.09	69,203.71
Nyandeni	94,043.40	113,106.39	56,426.04	67,863.84	37,617.36	45,242.56
Ingquza Hill	85,998.19	103,430.39	51,598.91	62,058.23	34,399.28	41,372.15
Mbizana	83,639.52	100,593.61	50,183.71	60,356.16	33,455.81	40,237.44
Mhlontlo	67,090.65	80,690.20	40,254.39	48,414.12	26,836.26	32,276.08
PSJ	48,314.14	58,107.62	28,988.48	34,864.57	19,325.66	23,243.05
Ntabankulu	48,018.89	57,752.52	28,811.33	34,651.51	19,207.55	23,101.01
TOTALS	**570,955.00**	**686,690.00**	**342,573.00**	**412,014.00**	**228,382.00**	**274,676.00**
NB Note that figures to be multiplied by R 1000. Allocations are based on population and not on backlogs.						

3.2. WASTE WATER (SANITATION) PROVISION

The O R Tambo District Municipality developed and approved a Sanitation Strategy in an effort to address its sanitation backlogs and sanitation programme implementation challenges. The Sanitation Strategy developed a standard design for a ventilated improved pit latrine (VIP) top structure for the whole district and also the implementation phisolophy of the sanitation projects to improve on implementation modalities, quality of products and reduced costs on the maintenance of the VIP units on the households. The strategy also sought ways to:

- Eradicate all dry sanitation backlogs by the 2014/2015 FY.
- Adoption of an implementation methodology that is acceptable to the communities for both rural and urban dwellers.
- Strengthen the promotion of health and hygeine life styles in all the communities.
- Ensure that all towns have adequate and appropriate sanitation infrastructure (water borne) to deal with the immediate and long-term planning philosophies for development and economic growth within all the urban nodes.

The District Municipality has only one (Mthatha) conventional wastewater treatment plant and six oxidation ponds in Mqanduli, Ngqeleni, Port St. Johns, Lusikisiki, Tsolo and Qumbu and one evaporation pond in Flagstaff while Libode and Coffee Bay have either collector ponds that are serviced by honney-suckers or septic tanks. The District Municipality has prioritised the construction and or upgrading of all the urban sanitation facilities into full conventional treatment plants as per the design parameters acceptable by the Department of Water Affairs. Planning for all the waterborne treatment plants and associated conveyance infrastructure is already underway with Mqanduli Wastewater Treatment Works and Sewers (WWTW & Sanitation), Flagstaff WWTW & Sanitation, Tsolo WWTW & Sanitation, and Lusikisiki WWTW & Sanitation are at various design stages.

The Mthatha WWTW & Sanitation has received both MIG and Department of Water Affairs (DWA) funding for the rehabilitation and minor modifications of the treatment works and for the repair and maintenance of the sewer and associated conveyance network. Eighteen (18) sewer pump stations have been refurbished and efforts are underway to refurbish and commission four additional sewer pump-stations and connect them to electrical power. The medium to long-term plan for the Mthatha Town sanitation infrastructure is to increase the current conveyance infrastructure carrying capacity and the treatment capacity of 12 Ml/day to about 40 Ml/day on an incremental basis and in response to the developmental trajectory of the town. The district

municipality's score on the Green Drop status was 26 % and efforts are underway to systematically improve on all operational, process and management support required to achieve acceptable Green Drop scores.

As mentioned above, In 2008, the municipality adopted its sanitation strategy and it also adopted its own standard VIP toilet design. It was resolved that the municipality will continue with the installation of VIP toilets in the ruaral areas while all town sewer will be upgraded into waterborne sewer system. The following waterborne sewer system were initiated during the year under review:

- .Mqanduli Sewer
- Tsolo Town Sewer
- Flagstaff Town Sewer
- Lusikisiki Town Sewer
- Upgrading of Mthatha WWTW

The Municipality is busy with the development of technical reports and business plans for securing funding on the following towns;

- Libode
- Ngqeleni
- Qumbu
- Port St Johns

The municipality has managed to connect 18 944 households with VIP toilets out of 27 200 that was targeted for the year. A total of 4 sewer pump stations that were tartgeted were refurbished in Mthatha. At the end of financial year a total of 158 122 households still have no access to sanitation.

Table 3.2.3 Sanitation delivery levels

Sanitation Service Delivery Levels				*Households
Description	Year 2008/09 Outcome No.	Year 2009/10 Outcome No.	Year 2010/11 Outcome No.	Year 2011/12 Outcome No.
Sanitation/sewerage: (above minimum level)				
Flush toilet (connected to sewerage)	34000	34000	34000	34000
Flush toilet (with septic tank)	25582	25582	25582	25582
Chemical toilet	0	0	0	0
Pit toilet (ventilated)	150072	123072	96072	69072
other toilet provisions (above min. service level)				

Sanitation Service Delivery Levels				*Households
Description	Year 2008/09 Outcome No.	Year 2009/10 Outcome No.	Year 2010/11 Outcome No.	Year 2011/12 Outcome No.
Minimum Service Level and above sub-total	209654	182654	155654	128654
Minimum Service Level and above percentage	73%	64%	54%	45%
Sanitation/sewerage: (below minimum level)				
Bucket toilets	0	0	0	0
Other toilet provisions below min. service level)	0	0	0	0
No toilet provision	77122	104122	131122	158122
Below Minimum Service Level sub-total	77122	104122	131122	158122
Below Minimum Service Level percentage	27%	36%	46%	55%
Total households	286776	286776	286776	286776
Total number of households including informal settlements				T3.2.3

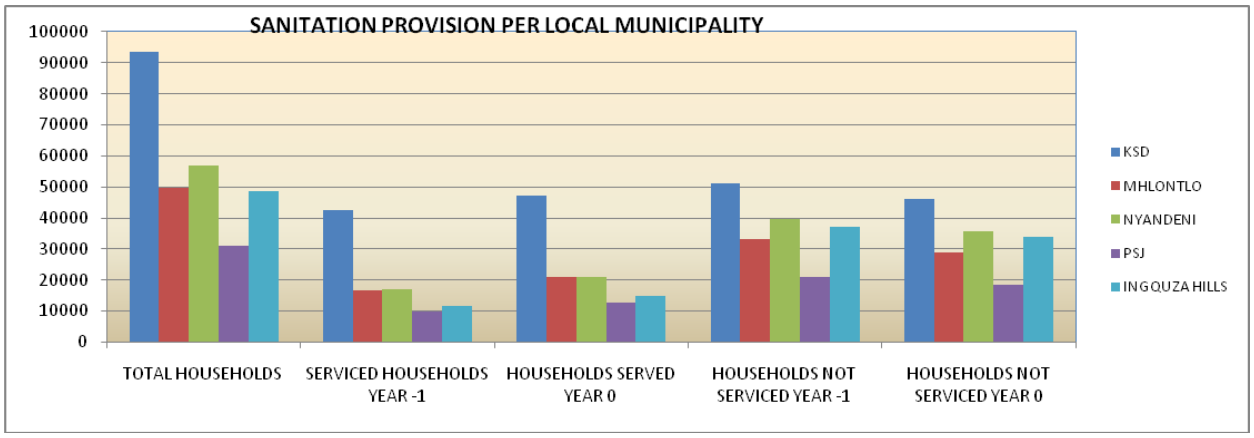


Table 3.2.4 Sanitation levels below the minimum

HOUSEHOLDS - SANITATION SERVICES DELIVERY LEVELS BELOW THE MINIMUM						HOUSEHOLDS
DESCRIPTION	YEAR 2008/9	YEAR 2009/10	YEAR 2010/11	YEAR 2011/12		
	Actual No.	Actual No.	Actual No.	Original Budget No.	Adjusted Budget No.	Actual No
Formal Settlements						
Total households	298047	298047	298047	298047	298047	298047
Households below minimum service level	209160	182160	155160	128160	128160	128160
Proportion of households below minimum service level	70%	61%	52%	43%	43%	43%

HOUSEHOLDS - SANITATION SERVICES DELIVERY LEVELS BELOW THE MINIMUM						
						HOUSEHOLDS
DESCRIPTION	YEAR 2008/9	YEAR 2009/10	YEAR 2010/11	YEAR 2011/12		
	Actual No.	Actual No.	Actual No.	Original Budget No.	Adjusted Budget No.	Actual No
Informal settlements						
Total households	298047	298047	298047	298047	298047	298047
Households below minimum service level	200	300	400	500	500	500
Proportion of households below minimum service level	0%	0%	0%	0%	0%	0%
						T3.2.4

POPULATION FIGURES AS PER IDP					
LOCAL MUNICIPALITY	TOTAL HOUSEHOLDS	SERVICED HOUSEHOLDS YEAR 2010/11	HOUSEHOLDS SERVED YEAR 2011/12	HOUSEHOLDS NOT SERVICED YEAR 2010/11	HOUSEHOLDS NOT SERVICED YEAR2011/12
KSD	93384	42424	47249	50960	46135
MHLONTLO	49862	16654	20976	33208	28886
NYANDENI	56853	17056	21044	39797	35809
PSJ	30950	9830	12618	21120	18332
INGQUZA HILLS	48703	11737	14758	36966	33945
TOTAL	**279752**	**97701**	**116645**	**182051**	**163107**

Table 3.2.6 Waste Water (Sanitation) Services Policy Objectives Taken from IDP

Strategic Objectives	KPI Ref. No	KPI	Baseline	11/12 Annual Target	Actual Performance	Reasons for Variation	Corrective Measures	Means of Verification	Responsible Department
1.1 To increase the number of households in the District that have affordable and potable water	1.1.1	Number of new households connected to RDP standards	15 000	9 500 households	1 268	Delays in approvals and awards	Integrated planning with the relevant sector departments, improvement of the supply chain processes, appointment of high capacity contractors	Completion Certificates	TECHNICAL SERVICES
	1.1.2	Water: Number of indigent households with access to free basic services.	158 525	15 000	13 268	Delays in approvals and awards	Integrated planning with the relevant sector departments, improvement of the supply chain processes, appointment of high capacity contractors	indigent register and water carting records	
	1.1.3	number of water schemes refurbished	22	32	47	The appointment of Amatola Water to refurbish water schemes has contributed in the achievement of the set target	Target achieved	O & M Plan	Water Services
1.2 To ensure a sustainable, reliable and affordable provision of sanitation services in the entire district (both urban and rural areas)	1.2.1	Number of sewer treatment / works pumps maintained to ensure functionality	80% sewer treatment works	Repair 5 sewer pump stations	80% (4 out of 5 pumps)	The electrical panel and electric cables are stolen at A-Station	Intensify the security and routine patrol around the pump station and installation of CCTV cameras	O & M Plan	
	1.2.2	Number of town sewer systems upgraded.	1	**5 PROJECTS** 1.Mqanduli Sewer 2.Mthatha WWTW 3.Tsolo Town Sewer 4.Flagstaff Town Sewer 5.Lusikisiki Town Sewer Implemented to 20%	Achieved for 4 towns. Mqanduli Sewer, Tsolo Sewer, Flagstaff Sewer, Lusikisiki Sewer. The delay is with the Mthatha WWTW	Consultant appointed late for Mthatha WWTW.	Consultant to submit design and advertise for tender	Final Design Approval Award Letters Handover Minutes	Technical services
	1.2.5	Number of households that have access to basic level of sanitation (VIP toilets)	22 000	27 200	18 944 households	No variation	Target achieved	Award Letters Completion Certification Progress Reports	
1.3 To ensure full compliance with District Municipality's status as a WSA	1.3.1	Reviewed and updated Water Services Development Plan (WSDP)	Approved WSDP	Approved WSDP	Tender stage	Delays in award of tender	Improving the sitting of bid committees	Approved WSDP	Water services
	1.3.2	Number of water treatment works/ pumps that achieve the Blue Drop Status	45%	4 water treatment plants	none	Moratorium on the filling of vacant posts of process controllers	Filling of vacant posts and improvement of process contolling	Annual Blue Drop Assessment Report	
	1.3.3	Number of water treatment works/ pumps that achieve the Green Drop Status	45%	4 water treatment plants	none	The green Drop assessment will take place in September 2012, it was not done in 2011/12	Classification of sewer ponds, building of operator rooms, appointment of process controllers, fencing of ponds, development and implementation of the Water Risk Abatement Plan	Annual Blue Drop Assessment Report	

Table 3.2.9 Capital Expenditure 2011/12: Sanitation Services

Capital Expenditure Year 0 Sanitation Services R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
TOTAL (SANITATION)	569 274.24	456 144.10	387 722.48	68 421.61	1 457 243.89
Upgrading Of Mqanduli Sewer into full Water-borne system	25 704.27	25 000	21250	3 750	50 704.27
Upgrading of Mthatha Waste Water Treatment Works	27 055.35	25 000	21250	3 750	663000
KSD Ward 10 Sanitation	11 829.41	11 829	10055.00	1 774	11 829.41
KSD Ward 17 Sanitation	11 981.57	11 982	10184.33	1 797	11 981.57
KSD Ward 22 Sanitation	6 056.19	6 056	5147.76	908	6 056.19
KSD Ward 25 Sanitation	25 951.32	25 951	22058.62	3 893	25 951.32
KSD Ward 23 Sanitation	6 319.09	6 319	5371.22	948	6 319.09
Nyandeni Ward 3 Sanitation	16 076.67	16 077	13665.17	2 412	16 076.67
Nyandeni Ward 9 Sanitation	32 438.82	32 439	27573.00	4 866	32 438.82
Nyandeni Ward 10 Sanitation	6 994.29	6 994	5945.15	1 049	6 994.29
Nyandeni Ward 24 Sanitation	30 385.00	30 385	25827.25	4 558	30 385.00
Nyandeni Ward 26 Sanitation	30 385.00	30 385	25827.25	4 558	30 385.00
Nyandeni Ward 6 Sanitation	40 851.98	40 852	34724.18	6 128	40 851.98
Upgrading Tsolo Town & Junction Sewer System into water-borne	29 000	29 000	24650	4 350	102 450
Mhlontlo Ward 14 & extension to ward 3,4,7,10,15,18,19 & 20	105 359.58	43 000	36550	6 450	105 359.58
Upgrading of Flagstaff Sewer System into water-borne system	45 000.00	17 000	14450	2 550	114 125.00
Upgrading of Lusikisiki Sewer System into water-borne system	29 510.95	9 500	8075	1 425	113 960.95
Ingquza Ward 7 Sanitation	6 739.99	6 740	5728.99	1 011	6 739.99
Ingquza Ward 22 Sanitation	548.09	548	465.87	82	548.09
Ingquza Ward 23 Sanitation	32 886.75	32 887	27953.73	4 933	32 886.75
Ingquza Ward 26 Sanitation	25 287.10	25 287	21494.03	3 793	25 287.10
PSJ Ward 9 Sanitation	9 289.73	9 290	7896.27	1 393	9 289.73
PSJ Ward 8 Sanitation	13 623.12	13 623	11579.65	2 043	13 623.12

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The sanitation services component of the District Municipality has managed to perform reasonably well against a plethora of process and implementation challenges. The dry sanitation programme that had slagged in pervious years managed to greatly improve its output due to the standadisation of the VIP top structure. Efforts continue to be provided to ensure visibility of Project Managers on project sites to ensure quality of VIP units and maximum value for money on completed projects.

On the waterborne sanitation projects, efforts are underway to secure additional funding on the Mthatha, Flagstaff, Lusikisiki, Tsolo and Mqanduli projects while new projects namely Libode, PSJ, Ngqeleni and Qumbu will be prioritised in the coming financial year. By far the Mthatha waterborne sanitation project has the greatest impact both environmentally and economically since it greatly affects the development and growth of Mthatha Town and the hinterland. Priority has been given to the Mthatha Sanitation programme to apply for additional funding through the Department of Water Affairs Regional Bulk Infrastructure Programme (DWA RBIP).

3.3. ELECTRICITY

NOT A DISTRICT MUNICIPALITY FUNCTION

3.4. WASTE MANAGEMENT

The aspect of refuse collection from households, waste disposal and street cleaning is done by the Local Municipalities. The O.R Tambo District Municipality mainly focuses on co-ordination of recycling activities in the district.A regional recycling facility has been identified as the major priority program within the district which is having its own build-up processes. The involvement of communities in recycling through recycling cooperatives is one of the priority programs building up to the establishment of to the regional recycling facility as well as creating jobs in the communities.

Waste generation and recycling estimations in tons in 2012 as per IWMP projections are as follows

Municipality	Waste Generation 2011/12	Waste Recycling in all LMs
Ingquza Hill	77911.2	2250
Port St Johns	46964.2	
Nyandeni	91215.0	
KSD	120505.5	
Mhlontlo	70353.6	
	406949.5	2250

This gives a combination of 406949.5 tons per year in the whole district; these estimations were made through population growth in the district. In terms of waste that is being recycled it is estimated that about 0.55% of generated waste is recycled per year which is even less than 1% of the total waste generated.

There are nine (9) landfill sites in the district and 4 of them are licensed which are in PSJ, Qumbu, Tsolo and Mqanduli, and only one that is partially complying with Minimum Requirements for Waste Disposal by Landfill or to Environmental Conservation Act 1989, it is the one in PSJ. All other 5 in Mthatha, Lusikisiki, Flagstaff, Ngqeleni and Libode, but Libode has been issued a license for the new landfill site.

Strategic Objectives	KPI Ref. No	KPI	Baseline	Annual Target	Actual Performance	Reasons for Variation	Corrective Measures	Means of Verification	Responsible Department
1.12 To coordinate district wide coherent environmental management	1.12.1	Compliance with Environmental Management standards	100% developed IWMP & EMP	100% review of IWMP & EMP as per the new demarcation	IWMP & EMP reviewed and presented the council for approval.	Documents were noted by council subject to a workshop to councilors	A workshop for councilors to be conducted on the documents.	Council approved reviewed IWMP & EMP	Planning and Economic Development

Employees: Solid Waste Management Services					
Job Level	**Year 2010/11**	**Year 2011/12**			
	Employees No.	**Posts No.**	**Employees No.**	**Vacancies No.**	**Vacancies %**
13-15	01	11	01	10	90%

COMMENT ON WASTE MANGEMENT SERVICE PERFORMANCE OVERALL

Explain the priority of the four largest capital projects and explain variances from budget for operating and capital expenditure. Confirm your year 5 targets set out in the IDP schedule can be attained within approved budget provision and if not then state how you intend to rectify the matter. Explain the priority of the four largest capital projects and explain variances from budget for net operating and capital expenditure. Also explain any likely variation to the total approved project value (arising from year 0 and/or previous year actuals, or expected future variations).

3.5. HOUSING

3.5.1 HOUSING CONSUMER EDUC ATION

The programme is intended to educate and disseminate information to communities. It educates and trains communities and beneficiaries on all housing programmes, also it trains about home ownership and other responsibilities. During the past financially year housing education programmes were conducted in

LOCAL MUNICIPALITY	WARD
Inquza Hill LM	Ndaliso
KSD LM	Mapuzi, 24
KSD LM	Upper Tyholo
Ingquza Hill LM	nkunzimbini
KSD LM	Zwelitsha, 29
Mhlontlo	04, 1, 9, 8, 2, 11, 12, 15
Ingquza Hill LM	Zwelibongile
KSD	Old Payne, 14
Nyandeni	Ngqeleni

3.5.2 SALES ADMINISTRATION

This programme is dealing with filling of subsidy forms only in areas with approved projects. Forms were filled in:-

LOCAL MUNICIPALITY	WARD
KSD	10, 15, 16, 17, 27
Mhlontlo	01 to ward 21
Nyandeni	06, 17 ,20
PSJ 259	04, 05, 07, 09, 14
Coffe bay	24
Ingquza 76	27

3.5.3 SPECIAL PROGRAMES

Applications for deserving cases are submitted to the provincial department of Human Settlements for funding purposes when the need arises. Applications for the following have been submitted:-

- MDMVA – [11 military veterans]
  09 from KSD
  02 from Ingquza
- Ncalukeni Service Centre at Mhlontlo
- 107 Destitute :- Ingquza 13, PSJ 10, KSD 52, Nyandeni 05, Mhlontlo 27
- PSJ 110
- Nenga 3
- PSJ Vulnerable 1
- KSD 3 at ward 21
- KSD 19

- Ingquza ward 8
- KSD ward 22 and 26
- Mqandelane from KSD [request from Nelson Mandela Meseum and Mgojelo from Ingquza]

3.5.4 INFORMAL SETTLEMENTS

This programme is planned to formalise areas where there are informal settlements. The biggest challenge in the district is bulk infrastructure which makes it difficult to relocate beneficiaries to identified new settlements and the fact that the local municipalities have no housing sector plans that would assist also in infrastructure planning. Three informal settlements have been identified as Tsolo ext 07, Qumbu ext 07 and Langeni. In Langeni there is progress. There are consultants who are busy with Environment Impact Assessment but buld infrastructure is still a problem.

4 ACCREDITATION

An application was forwarded to the Provincial department of human settlements. No positive response has been received yet.

5 HOUSING FORUMS

Three housing forums were held on :-
10 August 2011
24 November 2011
09 May 2012

EXPENDITURE IN HOUSING PROGRAMMES FIN YEAR 2011/2012

LINE ITEM	BUDGET	EXPENDITURE	BALANCE
COMMUITY TRAININGS	40000.00	21978.00	18022.00
HOUSING FORUM	15000.00	13352.31	1647.69
HOUSING SUMMIT	350000.00	144471.86	194728.14
HOUSING PROJECTS	1740195.00	1088008.27	652486.73
DISTRICT HOUSING STRATEGY	285000.00	177544.50	107455.50

	BUDGET	EXPENDITURE	BALANCE
OPERATIONAL EXPENDITURE	550,546.00	251,940.60	287,805.40
CAPITAL EXPENDITURE	2,107,879.00	1,265,552.77	651,201.81

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3.6. FREE BASIC SERVICES AND INDIGENT SUPPORT

In terms of The Constitution of the Republic of South Africa Act,1996 all people more especially the poormust have access to basic services including Free Basic Services. The municipality is the both watre services authority and Water Services Provider and in terms of water services act and municipal systems act, municipality must provide sustainable services including Free Basic Services. The household qualify to receive free services from the Municipality if the monthly income does not exceed R2 400.00. More than 90% of the district is rural and as such most of its inhabitants receive free basic services. This therefore means that there is minimal revenue collected from the service and as a result is dependent on Grants in order to perform its water services functions.

In order to implement the Free Basic Service the Municipality has adopted the Indigent Policy and Free Basic Water and Sanitation Policy. In terms of the Indigent Policy the DM is providing 6KL of water per month to registered urban indigent households and also the DM is providing free water accessed through stand pipes in rural households as per free basic water and sanitation policy. In the urban areas the Municipality is reading all meters including the Indigent Households in order to check if households do not exceed the minimum free basic service.

Table 3.6.3 FBS to low income households

	Free Basic Services To Low Income Households						
	Total	Number of households earning less R2,400 per month					
		Free Basic Water			Free Basic Sanitation		
		Total	Access	%	Total	Access	%
Year 09/10	279752						
Year 10/11	279752						

Table 3.6.5 **Free Basic Service Policy Objective**

Free Basic Service Policy Objective Taken from IDP									
Service Objectives	Outline Service Targets			2011/12		2012/13		2013/14	
		Target	Actual	Target		Actual	Target		
Service Indicators		Previous Year		Previous Year	Current Year	1	Current Year	Current Year	Following Year
Service Objective									
Provision of 6 KL	158 525	15000	13 268	13 268	35 000	35 000			
Clearing of VIP's	1500	1500	1336	1336	1600	1600			
Water Carting	24KL			90 000 kl	90 000 KL		105 000 KL	105 000 KL	125 000KL

COMPONENT B: ROAD TRANSPORT

3.7. ROADS

Not a function of the District Municipality

3.8. TRANSORT

TRANSPORT STRATEGY

The O.R Tambo District Integrated transport plan has since been reviewed and currently ready for council approval. Transport Planning is the coordinating function of the O.R Tambo District Municipality as mandated by the National Land Transport Transition Act, Act 22 of 2000 and the recently enacted, Act No. 5 of 2009. In so far as this act is concerned, the ORTDM is a planning authority with a legal responsibility to prepare an Integrated Transport Plan for the region.

Through the implementation of the ITP, the district municipality is currently processing the RAMS funded through the Department of Transport as a grant in kind. Further to this, two interns have been allocated to the district and are currently engaged in resuscitating transport forums in LMs. A public transport diversification program is in progress which has seen the transformation in the taxi industry from informal to formal business through co-operatives development and training.

TOP 3 SERVICE DELIVERY PRIORITIES' MAJOR EFFICIENCES ACHIEVED

I. Establishment of District and Local Transport Forums
II. DITP document reviewed as per the new dermacation
III. Cooperatives established and registered

APPROACH TO PUBLIC BUS OPERATION

AB 350 LTD is operating on routes that were previously used by the defunct Transkei Road Transport Cooperation (TRTC). 350 bus owners joined forces and a company was established to operate on the routes that were operated by TRTC and currently most of those routes are serviced by AB 350.

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SUPPORT GIVEN TO COMMUNITIES

Support given to communities is in the form of bicycles given to students who walk in excess of three kilometers to school and conversion of public transport operators into formal businesses.

RENDERING OF TRANSPORT SERVICES

The DM does not render any public transport services instead it supports the rendering of services by the taxi industry and bus industry.

Transport Service Policy Objectives Taken from the IDP									
Service Objectives Service Indicators (i)	**Outline Service Targets (ii)**	**Year -1**		**Year 0**			**Year 1**	**Year 3**	
		Target	**Actual**	**Target**		**Actual**	**Target**		
		***Previous Year (iii)**	**(iv)**	***Previous Year (v)**	***Current Year (vi)**	**(vii)**	***Current Year (viii)**	***Current Year (ix)**	***Following Year(x)**
To provide coherent coordination of District Integrated Transport Plan (DITP)	% development of a DITP	100%	100%	100%	100%	100%	-	-	-
Ensure access to a safe, secure, reliable, and affordable public transport system	Approval of Transport Master Plans	-	-	-	-	1 Integrated Transport Plan and RAMS development	Review of the DITP and LITPs developed, RAMS development	Review of the DITP and LITPs developed, RAMS development finalised	

Employees: Transport Services					
Job Level	Year -1	Year 0			
	Employees No.	Posts No.	Employees No.	Vacancies No.	Vacancies %
Admin Secretary	1	1	1	0	0
Transport Officer	0	2	0	2	100%
Principal Officer	1	1	1	0	0
Total	2	4	2	2	50%

TARGETS SET OUT IN THE IDP

I. Road Asset Management Systems (RAMS) (funded by the NDoT)
II. District Integrated Transport Plan

3.9. WASTE WATER (STORM WATER DRAINAGE)

Not a function of the District Municipality

COMPONENT C: PLANNING AND DEVELOPMENT

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The O.R. Tambo District Municipality is located in the eastern part of the Eastern Cape province, bound by the Indian Ocean to the East and the Mhlahlane and Baziya mountains behind Tsolo, and Qumbu to the west. The District encompasses diversity in physical landscape, land use and access to economic opportunities. Agricultural development forms part of the DM's competitive advantage due to its temperature and soil. The coast is an excellent tourist attraction, with a number of resorts and hotels already in existence. Some of the challenges faced by the district with regard to economic development and physical planning include: Lack of skills resulting to unemployment in the key sectors of the economy, high illiteracy rate, diseases such as HIV/AIDS, poor infrastructure, lack of incentives to industries, land claims, crime and an inefficient public transport system & network.

3.10. PLANNING

O.R. Tambo District Municipality's Planning Unit is charged to provide support to local municipalities with insufficient planning capacities and seeks to provide, co-ordinate and assist local municipalities with **Town And Regional Planning Services** in respect of policy formulation, proper land use development taking into account social, economic, and physical factors, the aim being to establish the basis on which one can create a positive environment for development initiatives; and to ensure sustainable and orderly land utilization and development through the development of SDF.

Progress made

The O.R. Tambo District Municipality's Spatial Development Framework was then reviewed in line with the new municipal demarcation and was adopted in the 2011/2012 financial year. Four Local Municipalities of the District have updated SDFs (Nyandeni, PSJ, Ingquza Hill, and Mhlontlo) except for KSD LM which is currently being developed. Some of the achievements that have been identified through the DM's SDF implementation include:

- Enhanced Interventions and co-operation by the national and provincial spheres of government
- KSD O.R Tambo DM declared a presidential node
- Lubala -Mhlontlo rural development initiatives
- Mthatha Town facelift including development of the SDF
- R5bn capital injection for KSD & the Mthatha town
- Mthatha airport Development
- The Lusikisiki Town Planning,
- Ngqeleni Town Precinct plan in progress
- Libode/Ntlaza LSDF in progress
- Secondary towns awards

Key Challenges

Lack of funding is one of the challenges that has stalled the implementation of other Town Planning related projects such as: Langeni Development Node, Ntafufu Development Node, Mkhambathi & Mbotyi Proposed for future tourism development, Precinct Plans for Lusikisiki and Flagstaff, Precinct Plans for Qumbu and Tsolo Towns.

Land Use management Systems (LUMS) are a serious problem for the LMs of the District for various reasons such as:

- Urban LUMS in terms of Townships Ordinance (33 of 1934)
- Many commonages under land claim
- Standard Transkei Town Planning Scheme applies in all towns except: -Mthatha has its own Scheme
- LMs are not authorized to take decisions but make recommendations to Townships Board (administered by Dept LGTA)
- Rural LUMS not governed by specific legislation

Land administration in the district vests in different structures (Municipal commonages, State land/communal land, and private land) and some of the challenges that have been noted are as follows:-

- Unclear Land Management Roles & Responsibilities
- LMs have limited planning and LUM capacity
- LMs have limited authority in rural areas (No policies means no enforcement)
- Un-managed settlement formation as a result of in land "Informal" trading.
- No link between planned development and sustainable provision of services
- Environmental Management not taken seriously thereby threatening natural resources that are a critical comparative advantage in ORTDM

Despite the above listed challenges there are strategies that are being implemented including the formalization and tenure upgrade of the Mthatha Camp site, Gomolo A/A Planning in PSJ LM, implementation of Kwa-Tshezi Development Plan (Coffen Bay/Hole in the Wall Town Development). Other strategies that have been encouraged include the infill development, locating settlements near the existing road networks, nodal and corridor development.

Table 3.10.3 Planning policy objectives

Strategic Objectives	KPI Ref. No	KPI	Baseline	Annual Target	Actual Performance	Reasons for Variation	Corrective Measures	Means of Verification	Responsible Department
1.11 To ensure that service delivery priorities are aligned to a district wide long term spatial development trajectory	1.11.1	Alignment of district planning framework	New indicator	100% Review and alignment of LM SDF's with that of the DM	Adopted by council	None	None	Council Approved SDF	Planning and economic development
	1.11.2	% update of Ward Based Planning and Information System (WBPIS)	45%	**90%** review of the system as per the current demarcation **25%** increase in information captured in the WBPIS	90% review of system Target achieved 25% increase in information captured in the WBPIS Target achieved	None	None	Updated register	
				4 additional CBP's developed.	4 CBPs developed Target achieved	None	None	Signed Community based Plans	

Employees: Planning Services					
Job Level	Year 10/11	Year 11/12			
	Employees No.	Posts No.	Employees No.	Vacancies No.	Vacancies %
Manager	0	1	0	1	100%
Principal Officer	1	3	1	2	67%
Officers	0	9	0	9	100%
Technicians	0	3	0	3	100%
	1	16	1	15	94%

3.11. LOCAL ECONOMIC DEVELOPMENT

LED in the O.R. Tambo seeks to promote spatial balance and lead a sustainable community driven growth program. THE O.R Tambo District further operates on principles that are focused on pursuing and building on the district's latent strengths and competitive advantages. Latent strengths relate to those forms of economic activity that the district has significant untapped developmental potential such as its landscapes and tourism potential.

LED in the district therefore seeks to grow the economy based on presently unrealised and unexploited development potential, which represent a low hanging fruit. It is through such a perspective that factors such as local knowledge and skills, as well as communal aptitudes and capabilities are prioritised to drive economic growth and development.

LED for O.R Tambo also seeks to provide support to the needs of local communities in pursuance of improving the quality of life within the district through facilitation of local economic development. Whilst micro-enterprises have absorbed large numbers of unemployed people, they are in themselves not always able to generate appropriately remunerated long-term jobs.

Ntinga O.R Tambo Development Agency is the O.R Tambo DM municipal Entity which is mainly focusing on implementing the district's key LED initiatives for poverty alleviation and business development and support. The district municipality utilized its capital budget to undertake the following critical activities as per the IDP targets:

I. LED Strategy in progress
II. Securing a quarry and sand mining permit license for the District so as to take advantage of raw materials required for infrastructure developments within the municipality.

III. Development of the feasibility study and business plan for Massive Egg Production through a CPPP in partnership with the ECDC.

IV. Development of an Integrated District Cooperatives Development Strategy.

ECONOMIC ACTIVITY BY SECTOR

Table 3.11.2 Economic Activity by Sector

ECONOMIC ACTIVITY BY SECTOR (based on 2007 survey)	
Sector	**Contribution**
Agriculture, Forestry and Fisheries	1.8%
Mining and Quarrying	0.3%
Manufacturing	4.9%
Wholesale and Retail	13.3%
Finance, Property etc	18.8%
Government, Community & Social Services	44.7%
Infrastructure Services	0.9%
TOTAL	84.7%

ECONOMIC EMPLOYMENT BY SECTOR

Table 3.11.3 Economic Employer by sector

ECONOMIC EMPLOYMENT BY SECTOR	
Agriculture, Forestry and Fisheries	2.9%
Mining and Quarrying	1.5%
Manufacturing	4.7%
Wholesale and Retail	15.0%
Finance, Property etc	13.6%
Government, Community & Social Services	54.4%
Infrastructure Services	0.4%
TOTAL	92.5%

COMMENT ON LOCAL JOB OPPORTUNITIES

Access to agricultural facilities for emerging farmers is one of the key initiatives in tapping on the Comparative advantage of the District. Ongoing consultations and assistance with the informal trade sector including street trading is gaining momentum through the District's partnership with the Region of Tuscany, Italy which has since seen the District implementing an informal trade project in Ingquza Hill Local Municipality.

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In the long run the programme is to be introduced in all the five local municipalities. Training and awareness workshops are planned to ensure improved regulation of the informal trade sector through review and development of by-laws.

JOBS CREATED DURING 2011/12 BY LED INITIATIVES (EXCLUDING EPWP PROJECTS)

Table 3.11.5 Jobs created during 2011/12 by LED initiations (exc. EPWP)

Project Name	Number of jobs created	Jobs lost/displayed by other initiatives	Method of validating jobs created /lost
Hluleka Beekeeping Projects	49	20	Co-operatives members are also workers in the co-op, the number of members still available determines the number of jobs created/ lost
Kwam Rural Women Project	64	28	Same as above
Wild Coast Fishing Co-operative			Only temporal jobs created while fencing, installing water and erecting tunnel.
Sithembene Womens'Development Enterprise	53	-	Engage in providing trainings (basic business skills, fabric designing, basic project management) to existing and emerging projects (e.g. KZN and O R Tambo District sewing projects)
Ngweni Poultry and Vegetable Project	10	**5**	Project members are also employees in the project but due to financial constraints experienced by the project some members have decided to quit.

JOBS CREATED THROUGH EPWP PROJECTS

A total of 45 Jobs were created from the environmental management sector while 176 jobs were created for 8 town in the greening and cleaning project

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Table 3.11.7 Local Economic Development Policy Objectives

Strategic Objectives	KPI Ref. No	KPI	Baseline	11/12 Annual Target	Actual Performance	Reasons for Variation	Corrective Measures	Means of Verification	Responsible Department
2.1 To contribute to reduction of unemployment by half in 2014 (which is the national target)	2.1.1	Number of jobs created through LED infrastructure projects	25	10	20 Agricultural related jobs created	None	None	Progress Report	Planning and Economic Development
	2.1.2	Number of work opportunities created in the identified sectors of Agriculture, Tourism, Forestry, Mining, Manufacturing, EPWP, MIG etc.	163 registered & 50 properly functional	40 additional co-operatives registered with 15 operational co-operatives	11 taxi cooperative registered 05 LED cooperatives registered. 57 Registered Co-operatives with 15 operational co-operatives	None	The registration on our database increases daily	Database of registered Cooperatives	
				Create 8833 jobs/ work opportunities through EPWP				Reports and minutes of all EPWP sectors	
	2.1.3	Number of people benefiting from skills development in the identified sectors		3 Tourism related cooperatives and supported	6 Arts and Craft cooperatives trained 2 community members trained on Arts and Craft Target achieved	None	None	Database of registered Cooperatives	
	2.1.4	Number of hectares ploughed on maize production program	2674ha	1250 ha of maize in massive food production programme	1616 ha ploughed	None (More farmers were absorbed in the programme).	None	Progress Report	
	2.1.5	Number of hectares ploughed on vegetable production	80 ha	50 ha under vegetable production	More than 50ha ploughed	None	None	Procurement Documentation	
	2.1.6	Improvement in registered enterprises and farms operations, sales, revenue from commission and productivity	New indicator	10% return on investment across all enterprises in adam kok farms	3 % achieved	Lack of investment	To do fund-raising for all enterprises	Farm performance report	
				25% return on commission in KFPM	Achieved	None	None	KFPM performance report	
				25% return on commission in Abattoir	20% Achieved	Equipment faulty, there was no slaughtering for three months	Requested budget to repair equipment	Abattoir performance report	

Employees: Local Economic Development Services					
Job Level	Year -1	Year 0			
	Employees No.	Posts No.	Employees No.	Vacancies No.	Vacancies %
Manager	1	1	1	0	0
Principal Officer	2	2	2	0	0
Practitioners	6	8	6	2	25%
Officers	6	27	6	21	78%
Admin	4	5	4	1	20%
	19	43	19	24	56%

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COMPONENT D: COMMUNITY AND SOCIAL SERVICES

3.12. LIBRARIES; ARCHIVES; MUSEUMS; GALLERIES; COMMUNITY FACILITIES; OTHER

This component includes: Disaster management, Fire and Emergency Services, Social Development and Community Safety, Municipal Health Services, and Sport, Heritage, Arts and Culture.

INTRODUCTION TO COMMUNITY AND SOCIAL SERVICES

The Department: Community and Social Services seeks to ensure safe and secure community livelihoods. These livelihoods are diverse in nature and need a collective effort of various role players which include Government Departments, Community Structures, and Non-Governmental Organisations, hence a need for a Social Needs Cluster. The directorate Community and Social Services is composed of five Sections:

- **Disaster Management** which involves integrated risk management planning and monitoring by building institutional capacity and preparedness for disaster intervention and response.
- **Fire and Emergency Services** which deals with emergency rescue and response in an integrated manner including institutional capacity and preparedness to ensure the management of response for fire and emergency risks.
- **Social Development, Facilities and Community Safety** seeks to protect and promote rights of vulnerable groups by mainstreaming their interests whilst improving livelihoods of indigent families under distress. It also include support to library and information services by providing basic library furniture and ICT infrastructure required for community library services to promote a culture of reading, library usage and lifelong learning.
- **Municipal Health Services** seeks to provide sustainable district health services including monitoring waste disposal and cycling, and monitoring testing of water and food samples.
- **Sport, Heritage, Arts and Culture** ensure the development of sport, heritage, arts and culture and capacity building to coordinate implementation of such activities and link to economic development. This includes preservation and conservation of heritage resources

INTRODUCTION TO LIBRARIES AND INFORMATION SERVICES

Library and information services ensure provision of basic library furniture and ICT infrastructure required for community library services to promote a culture of reading, library usage and lifelong learning.

T3.12.1

SERVICE STATISTICS FOR LIBRARIES AND INFORMATION SERVICES

The following services are rendered by this sub-section:

- Facilitate and coordinate literacy programs
- Ensure capacity building for district community libraries
- Ensure necessary ICT infrastructure for community libraries
- Monitor and facilitate reading and library usage programs

Thusong centres:

Community development: Bringing of services closer to the people and utilize the available skills & resources of the structures in the centres to develop their respective communities. This is done through centralization of services (Social Needs departments)

Youth & women empowerment initiatives: Sourcing of skills for vulnerable groups with the intention of mainstreaming activities to benefit rural communities.

Viedgesville Thusong Centre *is the only Thusong Centre supported by the District Municipality*

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Table 3.12.3 Libraries, community facilities, other Policy objectives

Strategic Objectives	KPI Ref. No	KPI	Baseline	Annual Target	Actual Performance	Reasons for Variation	Corrective Measures	Means of Verification	Responsible Department
1.4 To increase the level of municipal readiness to respond to Emergency and Disaster situations in the district	1.4.1	Availability of a revised and fully implemented Emergency and Disaster Management Plan	Disaster Management policy Framework in place	Developed plan approved by Council and ready for implementation	No plan available Disaster Risk assessment completed	Not enough funds to develop a plan and demarcation changes prompting Framework changes.	This centre needs at least R3 million to develop a level 1 and 2 disaster plan for the district in line with O.R Tambo DRM Framework. Secondly this has to await the reviewal of the Disaster Framework due to demarcation changes.	Disaster Risk Implementation Plan	Community and social services
	1.4.2	Response rate to fire and disaster calls received	15-20 minutes in towns 1-2hr in the rural areas	15-10 minutes in towns 1hr – 30 minutes in rural areas	5- 40 min. urban areas (towns) 30 min - 2h20 min plus Therefore, partially achieved	Road conditions and shortage of vehicles curb accessibility to areas.	Decentralized fire services & acquiring of more vehicles to adequately service areas	OB/ Call Slips	
1.5 To facilitate the functioning of structures that contribute to crime prevention and reduction in the communities	1.5.1	Number of community policing forums and structures trained and aware of their roles in crime prevention and reduction	4	5 community policing forums established and trained	None	Budgetary constraints The SDBIP adjustment process was never finalised	Planned for 2012/13 financial year	CPF Training Report	
				5 local and District Safety Forums in Place	2 local safety forums, Nyandeni & KSD	Budgetary constraints, a total of R8000.00 was set aside for the whole of community safety programs. The SDBIP adjustment process was never finalised	Budget and activities balance-check	Progress Report & Functional Safety Forums	
				4 School safety forums in place and strengthened	1 school safety forum at KSD, Tamsanqa J.S.S.	Budget a challenge, the only achieved formulation was made possible by linking the program with that of moral regeneration. The SDBIP adjustment process was never finalised	Budget and activities balance-check	Progress Report & Functional Safety Forums	Community and Social Services
				1 District and two local Sport against crime programmes conducted	None	No funds for the program The SDBIP adjustment process was never finalised	Budget and activities balance-check	Reports	
			25	25 patrollers trained in coastal and tourism safety	80 District Patrollers trained	A proposal by the(4) Coastal Municipalities stood at 20 patrollers per LM	None	Reports	
1.7 To provide municipal health care services as per relevant standards	1.7.1	Municipal health compliance index	new indicator	Promulgation of a by-law on municipal health standards	Daft Municipal Health Services by-law developed.	Focus was on devolution of Municipal Health Services and monitoring of services.	To expedite the process of by-law development a service provider will be engaged.	Council approved by-law	CSS
				Inspect 140 formal food premises in terms of R918	220 business premises (food handling premises) evaluated in the entire district.	None	Planned to evaluate a bigger number of food handling premises.	Reports	
				38 municipal health service officers devolved to DM following full transfer of EHPS	Not yet achieved	Service Level Agreement not yet signed by the Provincial Department of Health and District Municipality.	Pressurized the Department of Health to hasten the transfer process of Environmental Health Practitioners to the DM.	EHPS transfer report	
1.8 To support and coordinate community participation in Sports, Arts and Cultural activities	1.8.1	Number of programmes implemented to support (Clubs and associations) communities to have access to & participate in sport (ing) activities	120 clubs	134 clubs supported (10% increase)	Achieved Clubs from various sporting codes have been supported through staging of the sport activities. Codes range from Netball, football, Tennis, table tennis, Sport for the disabled.	None	None	Reports	CSS
	1.8.2	Number of programmes implemented to develop communities		1 Heritage Summit held	Heritage Summit not held	Heritage activities held in Ngquza and Mhlontlo Local municipalities	Heritage activities	Heritage Summit Document	
				6 Artists supported	Ten (10) artists were supported	None	None	Reports	

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Strategic Objectives	KPI Ref. No	KPI	Baseline	Annual Target	Actual Performance	Reasons for Variation	Corrective Measures	Means of Verification	Responsible Department
		through Arts, Culture and heritage activities			during District Heritage Cultural Festival. Six artists were supported and were exposed to the national Arts festival. One cultural group was assisted with international exposure in Japan				
				Celebration/ commemoration of Mandela month, OR Tambo month and Ingquza hill massacre	O. R. Tambo month was celebrated with a developmental sport tournament that culminated to the winners representing the region in provincial SALGA games. Renovation of the Ingquza Hill massacre monument and the construction of the tombstones on 13 graves done	None	None	Reports and Photos	OEM CSS
				3 sports facilities transferred to communities	Sports facilities completed but not yet transferred to communities	Sites are still under construction	To be transferred during the first quarter of the next financial year	Handover reports	CSS
	1.8.3	Number of Community libraries that are equipped with library material and equipment	17	16	Partially achieved as 6 Libraries were supported KSD 1(Mqanduli-Mkhenkesi) Nyandeni 2 (Libode & Ngqeleni) Ingquza Hill 2 (Lusikisiki & Flagstaff)	The business plan was adjusted due to renovations of vandalized Mqanduli Library which was earmarked to host the World Book Day and also Mhlontlo Qumbu library which requested a roll over for major renovation.	Library grant business plan will be adjusted to meet the requirements.	Delivery confirmations	

Table 3.12.4 Employees:

Employees: Libraries and Community Facilities					
Job Level	**Year -1**	**Year 0**			
	Employees No..	**Posts No**	**Employees No.**	**Vacancies (fulltime equivalents) No.**	**Vacancies (as a % of total posts) No.**
0-3					
4-6		3	1	2	66.6
7-9					
10-12	1	1	1	0	0%
13-15					
16-18					
19-20					
Total	1	4	2	2	

T 3.12.4

COMMENT ON THE PERFORMANCE OF LIBRARIES AND INFORMATION SERVICES

The Library Services had one project to renovate the Mqanduli Community Library and has been finalised.

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3.14 SOCIAL DEVELOPMENT,ECD AND COMMUNITY SAFETY

This section seeks to protect and promote rights of vulnerable groups by coordinating the mainstreaming of their basic needs & interests whilst improving livelihoods of indigent families under distress.

- ***Moral Regeneration movement (MRM):*** Supporting youth in schools & organized youth with life skills necessary for their development.
- ***Early Childhood Development (ECDC):*** Supporting the community based pre-schools with educational material. Identification, assessment & needs analysis are the processes. The program is aimed at stimulating children at early stages of life to develop interest towards education so as to address the illiteracy challenges of the District.
- ***Social Relief program (SRD):*** Providing temporary support to families affected by disastrous incidents and disaster.
- ***Child protection services:*** Playing a vital role to those centres that are leading in child protection.
- ***Strengthening CPFs***
- ***Safer schools programmes :*** Focusing on school safety in collaboration with Department of Education
- ***Sport against crime:*** Targeting youth in and out of school in endeavor to create crime free communities
- ***Coastal safety:*** Safe guarding of Coasts which have a Tourist attraction & economic boost utilizing coastal patrollers

SERVICE STATISTICS FOR SOCIAL DEVELOPMENT AND COMMUNITY SAFETY

The section seeks to protect and promote rights of vulnerable groups by coordinating the mainstreaming of their basic needs & interests whilst improving livelihoods of indigent families under distress. The section further ensures the coordination of community safety.

Social Development and ECD					
Job Level	**Year -1**	**Year 0**			
	Employees No.	**Posts No**	**Employees No.**	**Vacancies (fulltime equivalents) No.**	**Vacancies (as a % of total posts) No.**
0-3					
4-6	1	7	1	6	86%
7-9	1	2	0	2	100%
10-12	1	1	1	0	0%
13-15					
16-18					
19-20					
Total	3	10	2	8	
					T 3.12.4

COMMENT ON THE PERFORMANCE OF SOCIAL DEVELOPMENT AND ECD:

The section does not have projects it operates on soft programs. The functionality of the section is in conjunction with the Provincial Departments and Local Municipalities.

3.13. CEMETRIES AND CREMATORIUMS
Not a function of the District Municipality

3.14. CHILD CARE; AGED CAR; SOCIAL PROGRAMMES

3.14.1 INTRODUCTION TO CHILD CARE; AGED CARE; SOCIAL PROGRAMMES

The HIV/AIDS programme has assisted in disclosure and improvement of lives of those infected and affected by the virus of which support has been given by formation of circles of support like Support Groups, Ward AIDS and Awareness Campaigns. People on terminal stage have been supported through home based care to ease the burden to close relatives and ensure adherence on treatment and accessibility of health services to hard to reach areas through non-medical HCT sites.

		
HIV/ AIDS awareness campaign and condom distribution at Mngcibe Admin Area – World Aids Day 2011	Inkciyo Life Skills Compaign Mngcibe Admin Area – World Aids Day 2011	Support Group Candle Light Session

	
TB and HIV/ Aids Awareness Campaign	O.R. Tambo D M Media Engagement 2012

Hydroponics built
5 Hydroponics constructed and two vegetable gardens which are based at WSU Zamukulungisa Campus, means of verification pictures.

Table 3.14.3 Child Care, Aged Care, Social Programmes Policy Objectives

Strategic Objectives	KPI Ref. No	KPI	Baseline	Annual Target	Actual Performance	Reasons for Variation	Corrective Measures	Means of Verification	Responsible Department
1.9 To increase the participation of previously excluded population groups in accessing employment and empowerment opportunities	1.9.1	Number of programmes implemented to empower and also create jobs for the youth, women, disabled and children	New indicator	5 Women's Coops to be supported	5 Women's Cooperatives supported	No Variance	None	Quarterly reports	Office of the Executive Mayor
				2 Women Development Initiatives to be supported	6 Women Development Initiatives supported	Positive Variance		Attendance register Photos	
				1 Gender Machinery to be launched	Women Caucus was launched	Gender Machinery only operate at National and Provincial Level	Target has to be corrected to reflect women's caucus not gender machinery	DVD/ Photos	
				20% 3 Youth Cooperatives and Business Companies to be supported	3 Youth Cooperatives and Business Companies to be supported	No Variance	None	Database Photos	
				Sign Language Training to be done	30 staff members from the District Municipality and Local Municipalities were trained on Sign Language	No Variance	None	Attendance register Certificates	
1.10 Contribute to reduction and prevention of spread of HIV/AIDS and STI	1.10.1	Number of HIV/AIDS infected and affected indigent communities supported (including other communicable diseases, TB, etc.)	New indicator	720 Households benefitting from Home Based Care programme	2357 Households benefited from Home Based Care Programme	Positive Variance		Report Database/ reports	
				Provide support to 5 non medical HCT sites 5 HTA's, 9 clinics and 162 Support Groups	5 Non Medical HCT sites supported 5 HTA sites supported 6 clinics Supported 162 Support Groups Supported	No Variance 3 Other Clinics transferred to ANDM due to new demarcation No Variance	None To target clinics within the O.R. Tambo District Municipality New Boundaries	Report	

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COMPONENT E: ENVIRONMENTAL PROTECTION

3.15. POLLUTION CONTROL

Not prioritised

3.16. BIODIVERSITY; LANDSCAPE

Not a function of the District Municipality

COMPONENT F: HEALTH

3.17. CLINICS

Not a function of the District Municipality

3.18. AMBULANCE SERVICE

Not a function of the District Municipality

3.19. HEALTH INSPECTION; FOOD AND ABBOTOR LICENCING AND INSPECTION

3.19.1 INTRODUCTION TO MUNICIPAL HEALTH SERVICES

To provide a regulated healthy environment, in terms of National health Act of 2003, R918, and other relevant legislations, control of solid waste/ landfill sites, food and water quality monitoring. In **food quality monitoring**, we tested **210 food and environment swabs** and in this key area, there is problem of sampling equipment on the side of National Laboratory. Again, another challenge is the operation of businesses without licenses both in urban and rural areas. A vast number of food handling premises were converted and are being converted into liquor off sales (tavern). Intensify education awareness focusing on environment and personal hygiene.

Waste monitoring; the accumulation of dumping site proximal to businesses and residential areas makes a negative impact. Despite removal of numerous illegal waste dumps, the greatest challenge is the recurring disposal of debris and rubbles by the contractors, business people, and residents. However, in this current year the District Municipality has managed to remove/cleared **20 illegal wastes** in Nyandeni and KSD Local Municipality. Municipal Health Services unit intends to appoint 50 waste management workers to assist Local Municipalities.

Water Quality Monitoring; Two hundred and thirteen **(213)** water samples taken from different water sources for bacteriological analysis**.** MHS planned to improve functional integration between relevant internal department/ section- Environmental Management and relevant sector departments- DoH and DWA. Further than that, The unit has planned to protect springs to most remote and needy areas.

Table 3.15.3 Health inspection Policy Objectives

Strategic Objectives	KPI Ref. No	KPI	Baseline	11/12 Annual Target	Actual Performance	Reasons for Variation	Corrective Measures	Means of Verification	Responsible Department
1.7 To provide municipal health care services as per relevant standards	1.7.1	Municipal health compliance index	new indicator	Promulgation of a by-law on municipal health standards	Daft Municipal Health Services by-law developed.	Focus was on devolution of Municipal Health Services and monitoring of services.	To expedite the process of by-law development a service provider will be engaged.	Council approved by-law	CSS
				Inspect 140 formal food premises in terms of R918	220 business premises (food handling premises) evaluated in the entire district.	None	Planned to evaluate a bigger number of food handling premises.	Reports	
				38 municipal health service officers devolved to DM following full transfer of EHPS	Not yet achieved	Service Level Agreement not yet signed by the Provincial Department of Health and District Municipality.	Pressurized the Department of Health to hasten the transfer process of Environmental Health Practitioners to the DM.	EHPS transfer report	

Table 3.12.4 Staff in the Municipal Health Services

Municipal Health Services					
Job Level	**Year 10/11**	**Year 11/12**			
	Employees No..	**Posts No**	**Employees No.**	**Vacancies (fulltime equivalents) No.**	**Vacancies (as a % of total posts) No.**
0-3					
4-6	20	86	14	75	87,2%
7-9	5	7	4	2	28,6%
10-12	1	1	1	0	0%
13-15					
16-18					
19-20					
Total	26	95	19	77	

The SA norm is 1:1500 per officer

Table 3.12.5 Financial Performance 2011/12 Municipal Health Services

Financial Performance Year 0: Municipal Health Services R'000					
Details	**Year 10/11**	**Year 0**			
	Actual	**Original Budget**	**Adjustment Budget**	**Actual**	**Vacancies to budget**
Total Operation Revenue	9,500,000	8,500,000	1,500,000		
Expenditure					
- Employees					
Total Operational Expenditure	9,500,000	8,500,000	1,500,000		
Net Operational Expenditure					

Table 3.12.6 Capital Performance 2011/12: Municipal Health

Capital Performance Year 0: Municipal Health Services R'000					
Capital Projects	**Year 0**				
	Budget	**Adjustment Budget**	**Actual Expenditure**	**Variance from original budget**	**Total Project Value**
Total All	200,000	200,000	0	0	
- Vehicle Purchase	200,000	200,000	0	0	

3.20. POLICE

Not a DM function

3.21. FIRE

3.21.1 INTRODUCTION TO FIRE SERVICES (District Fire Service – Rural Category D & part E)

Fire services exist to render an effective, efficient fire, emergency & rescue service for communities within the District. Top 3 service delivery priorities; improve overall fire emergency response, decentralization of equipment and fire staff, to reduce risk and mitigate the impact of disaster fires to communities. Impact during previous fire seasons 2011-12, was reduced fires. 8 Community Fire response teams established in high risk communities, Nyandeni LM, training conducted with support of Rural Development, teams established that worked over fire periods 2011-12. Fire team operations were decentralized in Nyandeni & Mhlontlo and team place in areas to reduce overall response time (Tsolo, Qumbu, Ngqeleni and Libode), with the exclusion of PSJ and Ingquza Hill satellite centres that were already previous financial years established. Support to communities in poverty was focussed on fire awareness, equipement, bush beaters and knapsack (Hluleka area, others

District Fire Services Data					
	Details	**Year -1**	**Year 0**		**Year 1**
		Actual No	**Estimate No**	**Actual No**	**Estimate No**
1	Total fires attended this year	349	-	289	--
2	Total of other incidents attended this year	490	-	347	210 Jan.12
3	Average turnout time – urban areas	+-45min	5-40 min	5-40min	5-45min
4	Average turnout time – rural areas	1h30-2hrs	30-2h30min	30-2h30min	1h45min-
5	Fire fighters in post at the year end	13		21	21
6	Total fire appliances at end year	8		8	11
7	Average number of appliances off the road during the year	2		5	2
					T 3.21.2

Concerning T3.21.2

Service objectives if according to national standards, SANS 10090, Community Protection against fires / category D & part E which is a rural district municipality (not Metro) with specialized areas of high risk, flammable liquid storage areas, shopping malls in various towns etc. the following applies: Turnout within guidelines; minimum pumping units 01 =100 % within guidelines, manning levels 4=100%, pumping capacity of appliance 2250 litres=100%. Issues of response due to vastness of rural area; Category D & part E indicates; Maximum call and turnout time 3 mins, 10 % of time, maximum appliance travel 20min, 10% of time, maximum time spends 23min, 10% of time met for 2010-12, with marginal improvement during late 2011-2012 due to deployment of fire fighting resources in high risk areas of Nyandeni LM/ Mhlontlo. Budget for capital projects was previously a challenge, 2007, Fire Stalker pumper, 1,3 m (Provincial funding), 2008, TGM bought 1,7m (Provincial funding) for Ingquza Hill, 2010 budget Hino Pumper bought (District funding PSJ LM). We unable to implement more then one capital project per financial year due to huge equipment cost, layout plus limited budget.

Table 3.21.3 Fire Services Policy Objectives

Strategic Objectives	KPI Ref. No	KPI	Baseline	Annual Target	Actual Performance	Reasons for Variation	Corrective Measures	Means of Verification	Responsible Department
1.4 To increase the level of municipal readiness to respond to Emergency and Disaster situations in the district	1.4.1	Availability of a revised and fully implemented Emergency and Disaster Management Plan	Disaster Management policy Framework in place	Developed plan approved by Council and ready for implementation	No plan available Disaster Risk assessment completed	Not enough funds to develop a plan and demarcation changes prompting Framework changes.	This centre needs at least R3 million to develop a level 1 and 2 disaster plan for the district in line with O.R Tambo DRM Framework. Secondly this has to await the reviewal of the Disaster Framework due to demarcation changes.	Disaster Risk Implementation Plan	Community and social services
	1.4.2	Response rate to fire and disaster calls received	15-20 minutes in towns 1-2hr in the rural areas	15-10 minutes in towns 1hr – 30 minutes in rural areas	5- 40 min. urban areas (towns) 30 min - 2h20 min plus Therefore, partially achieved	Road conditions and shortage of vehicles curb accessibility to areas.	Decentralized fire services & acquiring of more vehicles to adequately service areas	OB/ Call Slips	

Table 3.12.4**Fire Services**					
Job Level	**Year -1**	**Year 0**			
	Employees No.	**Posts No**	**Employees No.**	**Vacancies (fulltime equivalents) No.**	**Vacancies (as a % of total posts) No.**
0-3	16	42	25	17	40,5
4-6	1	6	3	3	50
7-9	0	4	4	0	0
10-12	1	1	1	0	0
13-15	1	1	1	0	0
16-18					
19-20					
Total	19	54	34	20	

Table 3.12.5**Financial Performance Year 2011/12: Fire and Emergency Services** R'000					
Details	**Year 10/11**	**Year 11/12**			
	Actual	**Original Budget**	**Adjustment Budget**	**Actual**	**Vacancies to budget**
Total Operation Revenue	480,561	2,080,651	784, 751.00	784,751.00	
Expenditure					
- Employees	3,210,734		3,634,852.00		
- S & T	6175,00		0		
- Volunteer Stipend	350,000		119,839.00		
Total Operational Expenditure					
Net Operational Expenditure					

T able 3.12.6 **Capital Performance Year 0: Fire and Emergency Services** R'000					
Capital Projects	**Year 2011/12**				
	Budget	**Adjustment Budget**	**Actual Expenditure**	**Variance from original budget**	**Total Project Value**
Total All					
- Fire truck - PSJ	R 320,779.20		1,447,779.20		1,3m
- 2 RIV Isuzu	R 417,823.96	0	R 417,823.96		R 417,823.96
- Fire fighting Protective Clothing)			68,000.00		

3.21.7 COMMENT ON THE PERFORMANCE OF FIRE SERVICES OVERALL:

Due to limited budget and operating capital fire services has annually mostly x1 capital budget which is vehicles and equipment purchases. The priority for the MFMA periods focuses on capacity building within the local municipalities; using District resources as no other funding is coming from LM's. Equipment layout and purchases, training of fire fighters, standardization of fire equipment, implementation fire bylaws to ensure risk reduction measures, improve fire response and acquiring of right type, standards of vehicles to adequately service vast rural areas and cater for special risk e.g. HAZMAT. 5 year targets set out in the IDP schedule can be attained provided capital budget can be revisited and improved; huge cost of specialized vehicles and appliances is escalating on a yearly basis. Overall performance; fire services has employment shortages, capital layout shortage for equipment, vast rural areas within the District to respond to, infrastructure road challenges. Service needs to be decentralize particularly within LM's (satellite centres) to ensure National Standards e.g. (SANS 10090, 2003; edition3. Community Protection against fires are met and improved on.

3.22. OTHER (DISASTER MANAGEMENT, ANIMAL LICENCING AND CONTROL

3.22.1 INTRODUCTION TO DISASTER MANAGEMENT

The term 'disaster risk management' refers to integrated, multi-sectoral and multidisciplinary administrative, organisational, and operational planning processes and capacities aimed at lessening the impacts of natural hazards and related environmental, technological and biological disasters. The manner in which disaster risk is approached in South Africa has undergone major reform since 1994 when government took the decision to move away from the customary perception that disasters were inevitable and therefore could only be dealt with once they had occurred. As early as 1990 South Africa had aligned itself with global developments which focused on risk reduction strategies to build resilience and promote sustainable livelihoods amongst 'at risk' individuals, households, communities and environments.

The four service delivery priorities for the Disaster Management centre are:

* Institutional Capacity- involves Policy development and adoption, establishment of the centre, integrated of policy and execution of policy
* Disaster Risk Assessment-involves Assessing disaster risk, Risk and hazard mapping, Generating an inductive Municipal Disaster Risk profile
* Disaster Risk Reduction, involves-DRM Policy Framework, DRM Plans, Monitoring the effectiveness of risk reduction initiative.
* Response and Recovery- involves Disaster Impact Assessment, Dissemination of early warnings, Relief measures, integrated reconstruction and rehabilitation measures.

*Policy Framework was developed, stakeholders consulted and ready for adoption. Risk Assessment has been conducted, risk profile for the district is available and ready for adoption.

*The centre is in a process of developing Disaster Risk Management Plan for the District. Awareness programs have been done throughout the District in order to enhance resilience to communities at risk.

3.22.2 SERVICE STATISTICS FOR DISASTER MANAGEMENT

* Trained volunteers, councillors and staff -100
* Recruited volunteers - 82
* Households assisted - 45

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Table 3.33.3 Disaster Management Policy Objectives

Strategic Objectives	KPI Ref. No	KPI	Baseline	Annual Target	Actual Performance	Reasons for Variation	Corrective Measures	Means of Verification	Responsible Department
1.4 To increase the level of municipal readiness to respond to Emergency and Disaster situations in the district	1.4.1	Availability of a revised and fully implemented Emergency and Disaster Management Plan	Disaster Management policy Framework in place	Developed plan approved by Council and ready for implementation	No plan available Disaster Risk assessment completed	Not enough funds to develop a plan and demarcation changes prompting Framework changes.	This centre needs at least R3 million to develop a level 1 and 2 disaster plan for the district in line with O.R Tambo DRM Framework. Secondly this has to await the reviewal of the Disaster Framework due to demarcation changes.	Disaster Risk Implementation Plan	Community and social services
	1.4.2	Response rate to fire and disaster calls received	15-20 minutes in towns 1-2hr in the rural areas	15-10 minutes in towns 1hr – 30 minutes in rural areas	5- 40 min. urban areas (towns) 30 min - 2h20 min plus Therefore, partially achieved	Road conditions and shortage of vehicles curb accessibility to areas.	Decentralized fire services & acquiring of more vehicles to adequately service areas	OB/ Call Slips	

Table 2.12.4 Disaster Management					
Task Grade	**Year (2010/2011)**	**Year (2011-2012)**			
	Employees No..	**Posts No**	**Employees No.**	**Vacancies (fulltime equivalents) No.**	**Vacancies (as a % of total posts) No.**
0-3					
4-6	16	16	15	1	1%
7-9	11	9	5	4	44.4
10-12	14	14	7	7	50%
13-15	4	4	0	4	100%
16-18	1	1	1	0	0
19-20					
Total	46	44	28	16	57.1 %

Table 3.12.5 Financial Performance Year 0: Disaster Risk Management Centre					**R'000**
Details	**Year 10/11**	**Year 11/12**			
	Actual	**Original Budget**	**Adjustment Budget**	**Actual**	**Variances to budget**
Total Operation Revenue					
Expenditure					
- Employees					
- Conferences		R 69 000.00	R17 532.50		
- Skills Development & Capacity building		R113 819.00	R1 613 819.00		
- Scientific Disaster Management programme		R900 000	R1 250 000		
- Disaster Management Summit		R750 000	R750 000		
- Disaster Preparedness and Response		R400 000	R50 000		
- Stipend for emergency volunteers		R350 000	R350 000		
Total Operational Expenditure					
Net Operational Expenditure					

3.22.7 COMMENT ON THE PERFORMANCE OF DISASTER MANAGEMENT:

No capital projects during the year in question.

3.23. SPORTS AND RECREATION

This component includes: community parks; sports fields; sports halls; stadiums; swimming pools; and camp sites.

INTRODUCTION TO SPORT AND RECREATION

The section for Sport, Recreation Arts Culture and Heritage(SRACH) is responsible for the co ordination and facilitaing the activities for the SRACH within the district municipality.The activities are perfomed in consultation with the Local Munici cipalities as well as variou stake holders Localy,Regionally,Provincially and Nationally.

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3.23 SPORT AND RECREATION

- **SUPPORT TO THE CODES**

  Various sporting codes have been supported. Emphasis has been put on Boxing as a federation. Equipment has been provided for the boxing clubs. National title fights have been staged. National Champions have been produced (South African Mini Flyweight Champion,, Mr S. Khonkco from O.R Tambo D.M.

- **CO ORDINATE SPORT TOURNAMENTS**

  Co ordinate sport tournaments featuring various sporting codes .Tournament started from level of the local Municipality until the ward level. Participants and winners were awarded with sport equipment to uplift the sport participation. Furthermore the regional winners represented the district aat provincial level giving more exposure to the athletes

- **LEVELLING OF THE SPORT FACILITIES**

  One sport facility has been levelled in King Sabatha Dalindyebo Local Municipality. This has been done after identifying the lot of talent and the passion for Sport in the Rural Area of Qhingqolo. Having levelled the ground the growth in interest on the sport activities in the area has been tremendous. Organised sport structures have been established in the area.

Co ordinate the construction of New Stadiums in O.R Tambo District Municipality. Stadium still to be officially handed over to the community for utilization. Construction of the artificial pitch in Ingquza Local Municipality was welcomed by the O.R Tambo community in Ingquza Hill Local Municipality and the sporting fraternity. Teams participating in the elite leagues benefited. The facility was constructed in conjunction with Ingquza Hill Local Municipality and Coega Development Agency.

Table 3.32.2 Sports and Recreation Policy Objectives

Strategic Objectives	KPI Ref. No	KPI	Baseline	Annual Target	Actual Performance	Reasons for Variation	Corrective Measures	Means of Verification	Responsible Department
1.8 To support and coordinate community participation in Sports, Arts and Cultural activities	1.8.1	Number of programmes implemented to support (Clubs and associations) communities to have access to & participate in sport (ing) activities	120 clubs	134 clubs supported (10% increase)	Achieved Clubs from various sporting codes have been supported through staging of the sport activities. Codes range from Netball, football, Tennis, table tennis, Sport for the disabled.	None	None	Reports	CSS
	1.8.2	Number of programmes implemented to develop communities through Arts, Culture and heritage activities		1 Heritage Summit held	Heritage Summit not held	Heritage activities held in Ngquza and Mhlontlo Local municipalities	Heritage activities	Heritage Summit Document	
				6 Artists supported	Ten (10) artists were supported during District Heritage Cultural Festival. Six artists were supported and were exposed to the national Arts festival. One cultural group was assisted with international exposure in Japan	None	None	Reports	
				Celebration/ commemoration of Mandela month, OR Tambo month and Ingquza hill massacre	O. R. Tambo month was celebrated with a developmental sport tournament that culminated to the winners representing the region in provincial SALGA games. Renovation of the Ingquza Hill massacre monument and the construction of the tombstones on 13 graves done	None	None	Reports and Photos	OEM CSS
				3 sports facilities transferred to communities	Sports facilities completed but not yet transferred to communities	Sites are still under construction	To be transferred during the first quarter of the next financial year	Handover reports	CSS

Table 3.23.3 Sport, Recreation, Arts, Culture and Heritage					
Job Level	**Year 10/11**	**Year 11/12**			
	Employees No.	**Posts No**	**Employees No.**	**Vacancies (fulltime equivalents) No.**	**Vacancies (as a % of total posts) No.**
0-3					
4-6	2	2	1	1	50%
7-9	1	2	2	0	0%
10-12	1	1	1	0	0%
13-15					
16-18					
19-20					
Total	4	5	4	1	

Table 3.12.5 Financial Performance Year 0: Sport, Recreation, Arts, Culture and Heritage					
Details	**Year 10/11**	**Year 11/12**			
	Actual	**Original Budget**	**Adjustment Budget**	**Actual**	**Variances to budget**
Total Operation Revenue		1,333,044	1 333, 044,00	1,333,044	
Expenditure					
- Employees					
- Repairs and Maintenance	0	0	0	0	0
- Other	0	0	0	0	0
Total Operational Expenditure					
Net Operational Expenditure					

Table 3.12.6 Capital Performance Year 0: Sport, Recreation, Arts, Culture and Heritage					
Capital Projects	**Year 2011/12**				
	Budget	**Adjustment Budget**	**Actual Expenditure**	**Variance from original budget**	**Total Project Value**
Total All	700,000	700,000	700,000		

COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES

3.24. EXECUTIVE AND COUNCIL

Table 3.24.3 Executive and Council Policy Objectives

Strategic Objectives	KPI Ref. No	KPI	Baseline	Annual Target	Actual Performance	Reasons for Variation	Corrective Measures	Means of Verification	Responsible Department
5.1 Ensure Effective functioning of council and council structures	5.1.1	Approved of council calendar and compliance thereto		100 % : full compliance with approved council calendar as far as council meeting & section 79 committees	Council Calendar approved	None	None	Council Resolution	Office of the Speaker
					3 Ordinary and 10 Special Council Meetings held	None	None	Council minutes	
					Installation of a Transcribing Device in Council Chambers	None	None	Council minutes	
					Updated Council Resolutions Register	None	None	Minutes	
5.2 Improve functioning of oversight structures, systems and processes	5.2.1	% Establishment of section 79 & 80 committees of council including MPAC and other statutorily prescribed and adhoc committees that report to council	100%	100%	Establishment of 3 Section 79 Committees: MPAC; Ethics and Members Interest; and Rules Committee	None	None	Minutes	
					Adoption of Section 79 Terms of Reference by Council	None	None		
					21 Sittings of Section 79 Committees	None	None		
					Adoption of 2010/11 Oversight and Annual Report	None	None		
	5.2.2	Adoption, implementation and monitoring adherence to the code of conduct for councilors	New indicator	100%	Development and Adoption of Councillor Code of Conduct	None	None	Council Resolution	
					Development and adoption of Disclosure Policy for Councillors and Officials	None	None		
					60 Councillors and 12 Traditional Leaders have declared their financial interest	None	None		
					Reviewal and Adoption of Policy on Councillors and Traditional Leaders' Welfare	None	None		

3.25. FINANCIAL SERVICES

The Budget and Treasury Office in the District Municipality is experiencing a critical shortage of staff. The available staff is not coping with the demands and requirements of a functional BTO. The managers reporting to the Chief Financial Officer do not have the necessary support staff to execute their functions. This hampers the District Municipality to comply with the basic requirements of the MFMA and its regulations as well as general financial Management. This status quo has been prevailing for a number of years. The environment is conducive for the enabling opportunity for fraud and corruption. The existing BTO organogram is not responsive to the demands and the basic requirements of the MFMA and its regulations as well as general financial Management. The District Municipality will face an uphill and insurmountable challenge in attaining the Nation target of operation clean audit in 2013/14 financial year. Currently there is no infrastructure in place to achieve the said target. The existing control environment is not enabling the District Municipality to detect the irregular and wasteful expenditure as well as fraud and corruption. The District Municipality is depending upon the Office of the Auditor-General which only comes after the end of financial year to be aware of the most material non-compliance with laws and regulations. The ultimate approval of the BTO organogram shall assist the District Municipality to attract the skilled personnel which will augment the District Municipality to function optimally.

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Table 3.25.3 Financial Services Policy Objectives

Strategic Objectives	KPI Ref. No	KPI	Baseline	Annual Target	Actual Performance	Reasons for Variation	Corrective Measures	Means of Verification	Responsible Department
4.1 To ensure an increase in the municipal revenue	4.1.1	Rand value of revenue collected/ earned (excluding grants)		R96 million earned from VAT R14 million earned from water and sanitation	R99 Million R24,8 million earned from water and sanitation	Increase in the spending on the grant funding during the last quarter of the financial year. Im[lamentation of the credit control policy.		Financial Statements	Budget and Treasury office (BTO), Water Services
	4.1.2	Accurate billing of customers	New indicator	100% of metered households billed	All metered households consumers were billed except the RDP houses. RDP houses were averaged	The community residing in RDP houses have been refusing to be billed because they believe that they are indigent and the infrastructure & services in their areas are poor	Continuous engagement with relevant stakeholders will be made to encourage them to be registered in the indigent register	Copies of Billing records	Water Services
4.2 To improve budget expenditure on IDP priority projects	4.2.1	% expenditure on conditional grants	New indicator	100%(cumulative)	**52%**	Underspending on MIG is the major contributing factor		Section 52D reports	BTO
	4.2.2	% of MIG funding spent		100 % (cumulative)	51%	Delays in procurement processes		Reports	Water Services
	4.2.3	% of municipal capex spent		90% (cumulative)	**47%**	MIG is a major factor in underspending of CAPEX	Improve in MIG spending	Reports	Technical Services
	4.2.4	% of operational budget actually spent		100%(Cumulative)	**99%**	Variance minimal		Section 52D reports	BTO
4.3 To increase SCM efficiency	4.3.1	Turnaround time to conclude procurement processes	6 months to award tenders 2 weeks for quotations	1 month after closing of the tenders 1 week for quotations	2 to 3 months on the competitive bidding procurement. Not Achieved	The required period for adverts alone is one month and thereafter the committees sit to consider tenders. Sometimes it is difficult for committees to sit regularly due to other commitments Reluctance, indecisiveness and delays by HOD's to sign off requisitions thereby leading to delays and pressures put on the SCM unit to conclude the process	Adherence to Council calendar Proper planning by departments of events and decisiveness in taking decisions by HOD's	Quarterly reports	BTO
		Reduce time taken to pay invoices	New indicator	30 days payments to invoices	30 days payments to invoices	Most invoices are paid within 30 days on receipt by BTO department but there are few that do not meet the deadline.	Some few invoices are not paid within 30 days due to invoices not submitted to BTO department, invoices with queries that are not attended by the responsible people.	All invoices to be submitted to registry office, no department should receive invoice on behalf of municipality.	BTO
4.5 To improve compliance to National mandates on financial planning reporting and preparation of AFS	4.5.1	Number of previous years audit queries on financial management and controls addressed	50%	All previous years audit queries addressed	Not achieved Not all previous years audit queries addressed	Audit queries with a material financial impact have largely been addressed.	None	Progress report	ALL Departments
	4.5.2	Type of audit report received due to implementation of financial reforms and controls	Qualified Opinion in 2009-10	Unqualified with matters of emphasis	Disclaimer	Refer to audit reprot	Address all quiries as per management action plan	Unqualified Report	ALL Departments

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3.26. HUMAN RESOURCE SERVICES

3.27. INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

The ICT & Support is tasked with the processes of IT & GIS Services, provision of Security & Cleaning Services and provision of telecommunication, Registry, Archives and Records Management. The department was a subsection which was attached to the Municipal Support Section but it is now a fully fledged Directorate which is headed by a director, and three managers.

3.27.1SERVICE STATISTICS FOR ICT SERVICES

The department has managed to purchase IT Licence. The UPS has been purchased and maintained to prevent the electricity cut-offs. The band width has been increased to allow free flow of technological information.

The security to the Municipal building personnel and municipal key points is being provided.

- New computers
- New telephone system – installed
- Computer Network linking all 3 buildings upgraded

Software building has been renewed.
GIS template developed & distributed to users.
GIS projects have been captured into GIS for spatial presentation.

Employees: ICT Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	11	15	11	4	27%
4 - 6	5	5	5	0	0%
7 - 9	3	2	1	1	50%
10 - 12	4	5	4	1	20%
13 - 15	4	5	4	1	20%
16 - 18	2	2	2	0	0%
19 - 20	0	0	0	0	#DIV/0!
Total	29	34	27	7	21%

*Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days. T3.27.4*

3.28. PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES

Employees: Legal					
Job Level	Year 2010/11	Year 2011/12			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0
4 - 6	1	1	1	0	0%
7 - 9	0	0	0	0	0
10 - 12	0	0	0	0	0
13 - 15	2	3	2	1	33%
16 - 18	1	1	1	0	0%
19 - 20	0	0	0	0	0
Total	4	5	4	1	20%

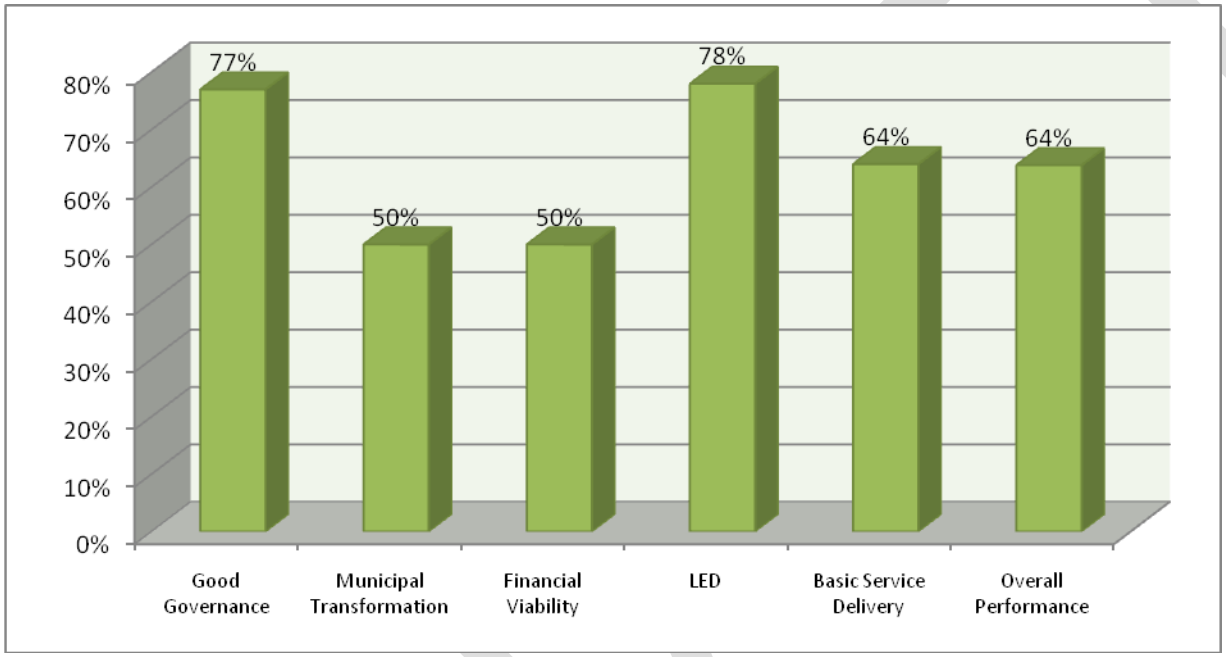
*Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days. T 3.28.4*

COMPONENT J: MISCELLANEOUS

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COMPONENT K: ORGANISATIONAL PERFORMANCE SCORECARD

The chart below presents the percentage of performance against the planned targets reported per KPA. The highest performance of 78% is reported against targets set on Local Economic Development (LED), followed closely by Good Governance and Basic Service Delivery and Infrastructure Development at 77% and 64% respectively. Financial viability and Municipal Transformation both achieved only half (50%) of their set targets. This brings the overall performance of the institution to 64% for the 2011/12 financial year.



BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT

Strategic Objectives	KPI Ref. No	KPI	Baseline	Annual Target	Actual Performance	Reasons for Variation	Corrective Measures	Means of Verification	Responsible Department
1.1 To increase the number of households in the District that have affordable and potable water	1.1.1	Number of new households connected to RDP standards	15 000	9 500 households	1 268	Delays in approvals and awards	Integrated planning with the relevant sector departments, improvement of the supply chain processes, appointment of high capacity contractors	Completion Certificates	TECHNICAL SERVICES
	1.1.2	Water: Number of indigent households with access to free basic services.	158 525	15 000	13 268	Delays in approvals and awards	Integrated planning with the relevant sector departments, improvement of the supply chain processes, appointment of high capacity contractors	indigent register and water carting records	
	1.1.3	number of water schemes refurbished	22	32	47	The appointment of Amatola Water to refurbish water schemes has contributed in the achievement of the set target	Target achieved	O & M Plan	Water Services
1.2 To ensure a sustainable, reliable and affordable provision of sanitation services in the	1.2.1	Number of sewer treatment / works pumps maintained to ensure functionality	80% sewer treatment works	Repair 5 sewer pump stations	80% (4 out of 5 pumps)	The electrical panel and electric cables are stolen at A-Station	Intensify the security and routine patrol around the pump station and installation of CCTV cameras	O & M Plan	

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Strategic Objectives	KPI Ref. No	KPI	Baseline	Annual Target	Actual Performance	Reasons for Variation	Corrective Measures	Means of Verification	Responsible Department
entire district (both urban and rural areas)									
	1.2.2	Number of town sewer systems upgraded.	1	**5 PROJECTS** 1.Mqanduli Sewer 2.Mthatha WWTW 3.Tsolo Town Sewer 4.Flagstaff Town Sewer 5.Lusikisiki Town Sewer Implemented to 20%	Achieved for 4 towns. Mqanduli Sewer, Tsolo Sewer, Flagstaff Sewer, Lusikisiki Sewer. The delay is with the Mthatha WWTW	Consultant appointed late for Mthatha WWTW.	Consultant to submit design and advertise for tender	Final Design Approval Award Letters Handover Minutes	Technical services
	1.2.5	Number of households that have access to basic level of sanitation (VIP toilets)	22 000	27 200	18 944 households	No variation	Target achieved	Award Letters Completion Certification Progress Reports	
1.3 To ensure full compliance with District Municipality's status as a WSA	1.3.1	Reviewed and updated Water Services Development Plan (WSDP)	Approved WSDP	Approved WSDP	Tender stage	Delays in award of tender	Improving the sitting of bid committees	Approved WSDP	Water services
	1.3.2	Number of water treatment works/ pumps that achieve the Blue Drop Status	45%	4 water treatment plants	none	Moratorium on the filling of vacant posts of process controllers	Filling of vacant posts and improvement of process contolling	Annual Blue Drop Assessment Report	
	1.3.3	Number of water treatment works/ pumps that	45%	4 water treatment plants	none	The green Drop assessment will take place in September	Classification of sewer ponds, building of operator rooms,	Annual Blue Drop Assessment	

Strategic Objectives	KPI Ref. No	KPI	Baseline	Annual Target	Actual Performance	Reasons for Variation	Corrective Measures	Means of Verification	Responsible Department
		achieve the Green Drop Status				2012, it was not done in 2011/12	appointment of process controllers, fencing of ponds, development and implementation of the Water Risk Abatement Plan	Report	
1.4 To increase the level of municipal readiness to respond to Emergency and Disaster situations in the district	1.4.1	Availability of a revised and fully implemented Emergency and Disaster Management Plan	Disaster Management policy Framework in place	Developed plan approved by Council and ready for implementation	No plan available Disaster Risk assessment completed	Not enough funds to develop a plan and demarcation changes prompting Framework changes.	This centre needs at least R3 million to develop a level 1 and 2 disaster plan for the district in line with O.R Tambo DRM Framework. Secondly this has to await the reviewal of the Disaster Framework due to demarcation changes.	Disaster Risk Implementation Plan	Community and social services
	1.4.2	Response rate to fire and disaster calls received	15-20 minutes in towns 1-2hr in the rural areas	15-10 minutes in towns 1hr – 30 minutes in rural areas	5- 40 min. urban areas (towns) 30 min - 2h20 min plus Therefore, partially achieved	Road conditions and shortage of vehicles curb accessibility to areas.	Decentralized fire services & acquiring of more vehicles to adequately service areas	OB/ Call Slips	
1.5 To facilitate the functioning of structures that contribute to crime prevention and reduction in the communities	1.5.1	Number of community policing forums and structures trained and aware of their roles in crime prevention and reduction	4	5 community policing forums established and trained	None	Budgetary constraints The SDBIP adjustment process was never finalised	Planned for 2012/13 financial year	CPF Training Report	
				5 local and District Safety Forums in Place	2 local safety forums, Nyandeni & KSD	Budgetary constraints, a total of R8000.00 was set aside for the whole of community safety programs. The SDBIP adjustment process was never finalised	Budget and activities balance-check	Progress Report & Functional Safety Forums	
				4 School safety forums in place	1 school safety forum at KSD, Tamsanqa	Budget a challenge, the only achieved	Budget and activities balance-check	Progress Report & Functional Safety	Community

Strategic Objectives	KPI Ref. No	KPI	Baseline	Annual Target	Actual Performance	Reasons for Variation	Corrective Measures	Means of Verification	Responsible Department
				and strengthened	J.S.S.	formulation was made possible by linking the program with that of moral regeneration. The SDBIP adjustment process was never finalised		Forums	and Social Services
				1 District and two local Sport against crime programmes conducted	None	No funds for the program The SDBIP adjustment process was never finalised	Budget and activities balance-check	Reports	
			25	25 patrollers trained in coastal and tourism safety	80 District Patrollers trained	A proposal by the(4) Coastal Municipalities stood at 20 patrollers per LM	None	Reports	
1.6 To facilitate the provision of housing for district citizens	1.6.1	Number of housing units built in the district.	887	1430 Housing Units	639 Housing Units complete	Projects on tender are still awaiting adjudication	Keep pursuing the SCM to award housing projects that are stuck in the evaluation process for over 6months	Happy letters	Human Settlements
1.7 To provide municipal health care services as per relevant standards	1.7.1	Municipal health compliance index	new indicator	Promulgation of a by-law on municipal health standards	Daft Municipal Health Services by-law developed.	Focus was on devolution of Municipal Health Services and monitoring of services.	To expedite the process of by-law development a service provider will be engaged.	Council approved by-law	CSS
				Inspect 140 formal food premises in terms of R918	220 business premises (food handling premises) evaluated in the entire district.	None	Planned to evaluate a bigger number of food handling premises.	Reports	
				38 municipal health service officers devolved to DM following full transfer of EHPS	Not yet achieved	Service Level Agreement not yet signed by the Provincial Department of Health and District Municipality.	Pressurized the Department of Health to hasten the transfer process of Environmental Health Practitioners to the DM.	EHPS transfer report	

Strategic Objectives	KPI Ref. No	KPI	Baseline	Annual Target	Actual Performance	Reasons for Variation	Corrective Measures	Means of Verification	Responsible Department
1.8 To support and coordinate community participation in Sports, Arts and Cultural activities	1.8.1	Number of programmes implemented to support (Clubs and associations) communities to have access to & participate in sport (ing) activities	120 clubs	134 clubs supported (10% increase)	Achieved Clubs from various sporting codes have been supported through staging of the sport activities. Codes range from Netball, football, Tennis, table tennis, Sport for the disabled.	None	None	Reports	CSS
	1.8.2	Number of programmes implemented to develop communities through Arts, Culture and heritage activities		1 Heritage Summit held	Heritage Summit not held	Heritage activities held in Ngquza and Mhlontlo Local municipalities	Heritage activities	Heritage Summit Document	
				6 Artists supported	Ten (10) artists were supported during District Heritage Cultural Festival. Six artists were supported and were exposed to the national Arts festival. One cultural group was assisted with international exposure in Japan	None	None	Reports	
				Celebration/ commemoration of Mandela month, OR Tambo month and Ingquza hill massacre	O. R. Tambo month was celebrated with a developmental sport tournament that culminated to the winners representing the region in provincial SALGA games. Renovation of the Ingquza Hill massacre monument and the construction of the tombstones on 13 graves done	None	None	Reports and Photos	OEM CSS

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Strategic Objectives	KPI Ref. No	KPI	Baseline	Annual Target	Actual Performance	Reasons for Variation	Corrective Measures	Means of Verification	Responsible Department
				3 sports facilities transferred to communities	Sports facilities completed but not yet transferred to communities	Sites are still under construction	To be transferred during the first quarter of the next financial year	Handover reports	CSS
	1.8.3	Number of Community libraries that are equipped with library material and equipment	17	16	Partially achieved as 6 Libraries were supported KSD 1(Mqanduli-Mkhenkesi) Nyandeni 2 (Libode & Ngqeleni) Ingquza Hill 2 (Lusikisiki & Flagstaff)	The business plan was adjusted due to renovations of vandalized Mqanduli Library which was earmarked to host the World Book Day and also Mhlontlo Qumbu library which requested a roll over for major renovation.	Library grant business plan will be adjusted to meet the requirements.	Delivery confirmations	
1.9 To increase the participation of previously excluded population groups in accessing employment and empowerment opportunities	1.9.1	Number of programmes implemented to empower and also create jobs for the youth, women, disabled and children	New indicator	5 Women's Coops to be supported	5 Women's Cooperatives supported	No Variance	None	Quarterly reports	Office of the Executive Mayor
				2 Women Development Initiatives to be supported	6 Women Development Initiatives supported	Positive Variance		Attendance register Photos	
				1 Gender Machinery to be launched	Women Caucus was launched	Gender Machinery only operate at National and Provincial Level	Target has to be corrected to reflect women's caucus not gender machinery	DVD/ Photos	
				20% 3 Youth Cooperatives and Business Companies to be supported	3 Youth Cooperatives and Business Companies to be supported	No Variance	None	Database Photos	
				Sign Language Training to be	30 staff members from the District Municipality	No Variance	None	Attendance register	

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Strategic Objectives	KPI Ref. No	KPI	Baseline	Annual Target	Actual Performance	Reasons for Variation	Corrective Measures	Means of Verification	Responsible Department
				done	and Local Municipalities were trained on Sign Language			Certificates	
1.10 Contribute to reduction and prevention of spread of HIV/AIDS and STI	1.10.1	Number of HIV/AIDS infected and affected indigent communities supported (including other communicable diseases, TB, etc.)	New indicator	720 Households benefitting from Home Based Care programme	2357 Households benefited from Home Based Care Programme	Positive Variance		Report Database/ reports	
				Provide support to 5 non medical HCT sites 5 HTA's, 9 clinics and 162 Support Groups	5 Non Medical HCT sites supported 5 HTA sites supported 6 clinics Supported 162 Support Groups Supported	No Variance 3 Other Clinics transferred to ANDM due to new demarcation No Variance	None To target clinics within the O.R. Tambo District Municipality New Boundaries	Report	
1.11 To ensure that service delivery priorities are aligned to a district wide long term spatial development trajectory	1.11.1	Alignment of district planning framework	New indicator	100% Review and alignment of LM SDF's with that of the DM	Adopted by council	None	None	Council Approved SDF	Planning and economic development
	1.11.2	% update of Ward Based Planning and Information System (WBPIS)	45%	**90%** review of the system as per the current demarcation **25%** increase in information captured in the WBPIS	90% review of system Target achieved 25% increase in information captured in the WBPIS Target achieved	None	None	Updated register	
				4 additional	4 CBPs developed	None	None	Signed	

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Strategic Objectives	KPI Ref. No	KPI	Baseline	Annual Target	Actual Performance	Reasons for Variation	Corrective Measures	Means of Verification	Responsible Department
				CBP's developed.	Target achieved			Community based Plans	
1.12 To coordinate district wide coherent environmental management	1.12.1	Compliance with Environmental Management standards	100% developed IWMP & EMP	100% review of IWMP & EMP as per the new demarcation	IWMP & EMP reviewed and presented the council for approval.	Documents were noted by council subject to a workshop to councilors	A workshop for councilors to be conducted on the documents.	Council approved reviewed IWMP & EMP	

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LOCAL ECONOMIC DEVELOPMENT

Strategic Objectives	KPI Ref. No	KPI	Baseline	Annual Target	Actual Performance	Reasons for Variation	Corrective Measures	Means of Verification	Responsible Department
2.1 To contribute to reduction of unemployment by half in 2014 (which is the national target)	2.1.1	Number of jobs created through LED infrastructure projects	25	10	20 Agricultural related jobs created	None	None	Progress Report	Planning and Economic Development
	2.1.2	Number of work opportunities created in the identified sectors of Agriculture, Tourism, Forestry, Mining, Manufacturing, EPWP, MIG etc.	163 registered & 50 properly functional	40 additional co-operatives registered with 15 operational co-operatives	11 taxi cooperative registered 05 LED cooperatives registered. 57 Registered Co-operatives with 15 operational co-operatives	None	The registration on our database increases daily	Database of registered Cooperatives	
				Create 8833 jobs/ work opportunities through EPWP				Reports and minutes of all EPWP sectors	
	2.1.3	Number of people benefiting from skills development in the identified sectors		3 Tourism related cooperatives and supported	6 Arts and Craft cooperatives trained 2 community members trained on Arts and Craft Target achieved	None	None	Database of registered Cooperatives	

Strategic Objectives	KPI Ref. No	KPI	Baseline	Annual Target	Actual Performance	Reasons for Variation	Corrective Measures	Means of Verification	Responsible Department
	2.1.4	Number of hectares ploughed on maize production program	2674ha	1250 ha of maize in massive food production programme	1616 ha ploughed	None (More farmers were absorbed in the programme).	None	Progress Report	
	2.1.5	Number of hectares ploughed on vegetable production	80 ha	50 ha under vegetable production	More than 50ha ploughed	None	None	Procurement Documentation	
	2.1.6	Improvement in registered enterprises and farms operations, sales, revenue from commission and productivity	New indicator	10% return on investment across all enterprises in adam kok farms	3 % achieved	Lack of investment	To do fund-raising for all enterprises	Farm performance report	
				25% return on commission in KFPM	Achieved	None	None	KFPM performance report	
				25% return on commission in Abattoir	20% Achieved	Equipment faulty, there was no slaughtering for three months	Requested budget to repair equipment	Abattoir performance report	

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MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT

Strategic Objectives	KPI Ref. No	KPI	Baseline	Annual Target	Actual Performance	Reasons for Variation	Corrective Measures	Means of Verification	Responsible Department
3.1 To ensure the development of policies and systems	3.1.1	Number of policies and manuals developed/ reviewed and adopted	0	Development of risk management plan	Not achieved (Plan awaiting feedback on risk register from Director: Internal Audit.	Awaiting for the approval of risk register for developing a risk management plan.	Follow up on approval of risks from the Director: Internal audit	Approved Risk Management Plans	Internal Audit
				Reviewed PMS policy adopted by council	Not achieved	Late approval of the adjustment budget.	Prioritised for next financial year.	Council approval	COO
				Approval of HR policies	Partly achieved	Draft available. Awaiting workshop before approval by council.	Workshop and council approval	Approved HR Policies	ICTM
				Review of code of ethics and disciplinary procedure manuals for employees	Not achieved	Delay on the appointment of a service provider	Has been put under governance in the 2012/13 financial year	Approved Code of Conduct	HR
				Development of ICT Policy	Draft policy document on ICT Charter due for Policy conference	Convening of the Policy conference	For Portfolio Head: Policy to convene conference for adoption of policies	Approved ICT Policy	ICTM
				Approval of policy on functioning and support to traditional authorities	Not achieved	IGR Policy not yet approved which will set the basis for this policy.	Finalisation and adoption of the IGR policy.	Council resolution	COO
				Review of security	Revised Draft policy on Security	Convening of the Policy conference	For Portfolio Head: Policy to convene	Approved Security	ICTM

Strategic Objectives	KPI Ref. No	KPI	Baseline	Annual Target	Actual Performance	Reasons for Variation	Corrective Measures	Means of Verification	Responsible Department
				policies	Management done		conference for adoption of policies	Policy	
3.2 To build capacity and enhance skills for communities, councilors and officials	3.2.1	Number employees trained as per WPSDP	New Indicator	840	630	N/A	N/A	Quarterly report	HR
	3.2.2	number of new learnerships supported/ learners enrolled with the DM	learners enrolled	5	Not achieved Awaiting feedback on DOI from the LGSETA	No approved Declaration of intent (DOI) from the LGSETA	N/A	Quarterly report	HR
					96 Learnership registered with Water Services	Achieved	None	Report	Water Services
					3 Ward Committee Training Programs in 4 Local Municipalities	None	None	Attendance Register	Office of the Speaker
	3.2.3	Number of Councillors trained	100%	100%	4 Training programmes for 60 Councillors	None	None	Quarterly report	Office of the Speaker
	3.2.4	Number of communities training/ capacity building programmes implemented	5	Not achievement Awaiting feedback on DIO from the LGSETA	No approved Declaration of Intent (DOI) from the LGSETA	N/A	N/A	Quarterly report	HR
3.3 To implement a robust and fair performance management and service delivery monitoring system	3.3.1	Development and implementation of PMS at organisational, departmental and individual employee level	PMS implemented for senior management	Cascade PMS to Lower levels	Not achieved	Delays in the approval of the adjusted budget.	Deferred to the first quarter of the next financial year	Signed departmental performance plans Performance reports	Office of the COO
	3.3.2	Development and % Implementation of District M&E	50%	Approval of District programme of action	Not achieved	District Lekgotla was not held and therefore District Programme of Action was not	District Programme of Action scheduled for first quarter of the next financial year.	Approved District Programme of Action	

Strategic Objectives	KPI Ref. No	KPI	Baseline	Annual Target	Actual Performance	Reasons for Variation	Corrective Measures	Means of Verification	Responsible Department
		framework				developed.			
				Rollout of Service delivery monitoring and reporting through operations centre	Partially achieved	There were a lot of errors in the data captured. Data verification and cleansing had to be done. Training sessions on the system to selected users has been done. Only Launch of the system has not yet been done.	DIMS Launch and reporting through the system to be done next financial year.	Launch Report DIMS Progress reports	
3.5 To ensure healthier and safe workplace environment and accountable labour relations	3.5.1	Improve compliance with OHS standards and procedures	New indicator	Clean and hygienic buildings and work facilities	60 %	Shortage of staff and inability of the Local Municipal to collect rubbish on a regular	Staff will be appointed and trained .local municipality will be persuaded to collect rubbish on a regular basis	Quarterly report	
	3.5.2	Attainment of organisational employment equity targets	New indicator	Approval of employment equity plan	Not achieved (Achievement depends on existence of EE Plan	Employment Equity Policy in place but due for reviewal. Employment Equity Plan is informed by EE Policy	Council approved EE Policy and Plan	EEP	HR

Strategic Objectives	KPI Ref. No	KPI	Baseline	Annual Target	Actual Performance	Reasons for Variation	Corrective Measures	Means of Verification	Responsible Department
	3.5.3	Response time to addressing/ resolving LLF issues/ disputes	New indicator	Address/ Resolve all LLF issues resolved within 3 months	Sitting of LLF meeting resolved the following:- Placement Job Evaluation Master list of advertised posts for BTO and others completed	Conversion of fixed term contracts to permanent contract awaiting consultation of affected employees Resolution of placement appeals Reviewal of Organisational Structure still outstanding N/A	Consultation of affected employees Sitting of Placements Appeals Committee as a matter of urgency Awaiting feedback on process plan for reviewal N/A	Quarterly report on LLF signed by LLF chairperson	Human Resources
3.6 To provide suitable technology and systems for coherent information, communication and records management	3.6.1	Development and implementation of master information systems plan	New Indicator	Approval of MISP by Council	Draft Master Information System Plan..	Unavailability of funds	Speed up the process	Approved MISP	ICTM
		Implementation of document and records management	New Indicator	100% documents and records management	Documents and records management have improved. Registry infrastructure has been revamped. Scanner is in place and new computer linked to the bigger scanner procured. Only two departments have scanned their documents.	Departments do not make use of the scanner facility as expected. Lack of support by sister departments.	Communicate official notice on the availability of the scanner facility .seek departmental support on documents management	Quarterly Report and Registers	ICTM

Strategic Objectives	KPI Ref. No	KPI	Baseline	Annual Target	Actual Performance	Reasons for Variation	Corrective Measures	Means of Verification	Responsible Department
3.7 Credible Integrated Development Planning and Corporate Performance Monitoring	3.7.1	Approval of a credible IDP	100%	Council adoption of IDP, IDP framework and process plans	IDP Framework and Process Plan adopted on 26 August 5 year (2012 -17) IDP adopted on 30 June 2012	None	None	Road shows report Council approval on 5year IDP Council	COO
	3.7.2	Service delivery and performance monitoring	Quarterly and annual performance reports submitted	Approval of SDBIP Signing of performance agreements	Achieved 1 Annual Report 2010/11 4 Quarterly Reports Draft SDBIP and Performance Agreements by 30 June 2012.	None	None	Approved SDBIP and performance agreements	

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FINANCIAL MANAGEMENT AND VIABILITY

Strategic Objectives	KPI Ref. No	KPI	Baseline	Annual Target	Actual Performance	Reasons for Variation	Corrective Measures	Means of Verification	Responsible Department
4.1 To ensure an increase in the municipal revenue	4.1.1	Rand value of revenue collected/ earned (excluding grants)		R96 million earned from VAT R14 million earned from water and sanitation	R99 Million R24,8 million earned from water and sanitation	Increase in the spending on the grant funding during the last quarter of the financial year. Im[lamentation of the credit control policy.		Financial Statements	Budget and Treasury office (BTO), Water Services
	4.1.2	Accurate billing of customers	New indicator	100% of metered households billed	All metered households consumers were billed except the RDP houses. RDP houses were averaged	The community residing in RDP houses have been refusing to be billed because they believe that they are indigent and the infrastructure & services in their areas are poor	Continuous engagement with relevant stakeholders will be made to encourage them to be registered in the indigent register	Copies of Billing records	Water Services
4.2 To improve budget expenditure on IDP priority projects	4.2.1	% expenditure on conditional grants	New indicator	100%(cumulative)	**52%**	Underspending on MIG is the major contributing factor		Section 52D reports	BTO
	4.2.2	% of MIG funding spent		100 % (cumulative)	51%	Delays in procurement processes		Reports	Water Services

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Strategic Objectives	KPI Ref. No	KPI	Baseline	Annual Target	Actual Performance	Reasons for Variation	Corrective Measures	Means of Verification	Responsible Department
	4.2.3	% of municipal capex spent		90% (cumulative)	**47%**	MIG is a major factor in underspending of CAPEX	Improve in MIG spending	Reports	Technical Services
	4.2.4	% of operational budget actually spent		100%(Cumulative)	**99%**	Variance minimal		Section 52D reports	BTO
4.3 To increase SCM efficiency	4.3.1	Turnaround time to conclude procurement processes	6 months to award tenders 2 weeks for quotations	1 month after closing of the tenders 1 week for quotations	2 to 3 months on the competitive bidding procurement. Not Achieved	The required period for adverts alone is one month and thereafter the committees sit to consider tenders. Sometimes it is difficult for committees to sit regularly due to other commitments Reluctance, indecisiveness and delays by HOD's to sign off requisitions thereby leading to delays and pressures put on the SCM unit to conclude the process	Adherence to Council calendar Proper planning by departments of events and decisiveness in taking decisions by HOD's	Quarterly reports	BTO
		Reduce time taken to pay invoices	New indicator	30 days payments to invoices	30 days payments to invoices	Most invoices are paid within 30 days on receipt by BTO department but there are few that do not meet the deadline.	Some few invoices are not paid within 30 days due to invoices not submitted to BTO	All invoices to be submitted to registry office, no department should	BTO

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Strategic Objectives	KPI Ref. No	KPI	Baseline	Annual Target	Actual Performance	Reasons for Variation	Corrective Measures	Means of Verification	Responsible Department
							department, invoices with queries that are not attended by the responsible people.	receive invoice on behalf of municipality.	
4.5 To improve compliance to National mandates on financial planning reporting and preparation of AFS	4.5.1	Number of previous years audit queries on financial management and controls addressed	50%	All previous years audit queries addressed	Not achieved Not all previous years audit queries addressed	Audit queries with a material financial impact have largely been addressed.	None	Progress report	ALL Departments
	4.5.2	Type of audit report received due to implementation of financial reforms and controls	Qualified Opinion in 2009-10	Unqualified with matters of emphasis	Disclaimer	Refer to audit reprot	Address all quiries as per management action plan	Unqualified Report	ALL Departments

GOOD GOVERNANCE AND PUBLIC PARTICIPATION

Strategic Objectives	KPI Ref. No	KPI	Baseline	Annual Target	Actual Performance	Reasons for Variation	Corrective Measures	Means of Verification	Responsible Department
5.1 Ensure Effective functioning of council and council structures	5.1.1	Approved of council calendar and compliance thereto		100 % : full compliance with approved council calendar as far as council meeting & section 79	Council Calendar approved	None	None	Council Resolution	Council and Council Committes
					3 Ordinary and 10 Special Council Meetings held	None	None	Council minutes	

Strategic Objectives	KPI Ref. No	KPI	Baseline	Annual Target	Actual Performance	Reasons for Variation	Corrective Measures	Means of Verification	Responsible Department
				committees	Installation of a Transcribing Device in Council Chambers	None	None	Council minutes	
					Updated Council Resolutions Register	None	None	Minutes	
5.2 Improve functioning of oversight structures, systems and processes	5.2.1	% Establishment of section 79 & 80 committees of council including MPAC and other statutorily prescribed and adhoc committees that report to council	100%	100%	Establishment of 3 Section 79 Committees: MPAC; Ethics and Members Interest; and Rules Committee	None	None	Minutes	Council & Committees Section
					Adoption of Section 79 Terms of Reference by Council	None	None		
					21 Sittings of Section 79 Committees	None	None		
					Adoption of 2010/11 Oversight and Annual Report	None	None		
	5.2.2	Adoption, implementation and monitoring	New indicator	100%	Development and Adoption of Councillor Code of Conduct	None	None	Council Resolution	

Strategic Objectives	KPI Ref. No	KPI	Baseline	Annual Target	Actual Performance	Reasons for Variation	Corrective Measures	Means of Verification	Responsible Department
		adherence to the code of conduct for councilors			Development and adoption of Disclosure Policy for Councillors and Officials	None	None		
					60 Councillors and 12 Traditional Leaders have declared their financial interest	None	None		
					Reviewal and Adoption of Policy on Councillors and Traditional Leaders' Welfare	None	None		
	5.2.3	No of audit committee reports tabled to Council.	4	4	Not achieved.	The audit committee was operational for part of the financial year.		4 Audit committee Reports	Internal Audit
5.3 Ensure sound ethical culture practice in the organization and among all individuals	5.3.1	Development and implementation of code of ethics for employees	New indicator	100%	Not achieved	Delay on the appointment of a service provider.	Expedite the appointment of the service provider.	Approved Code of Ethics	HR
5.4 Improve audit environment and risk management	5.4.1	Review/ update and implementation of risk management plan	New Indicator	100%. Full implementation of the approved Risk Management	Partially achieved. Risk management implementation plan was prepared. Risk assessment was done in certain	Budget and Treasury was not assessed because they were busy held up in other commitments when	During the first quarter of the 12/13 financial year internal audit unit will be facilitating	Copies of reports submitted to municipal manager and	Internal Audit

Strategic Objectives	KPI Ref. No	KPI	Baseline	Annual Target	Actual Performance	Reasons for Variation	Corrective Measures	Means of Verification	Responsible Department
				Plan	departments.	risk assessment was conducted.	the review of the risk profiles and all departments will be covered.	audit committee	
	5.4.2	Implementation of action plans prepared to address issues raised by both internal and external auditors	New Indicator	100%	Achieved. All issues that relate to the internal audit unit were addressed in full.	Not applicable	Not applicable	Copies of reports submitted to management and audit committee.	Internal Audit/ ALL departments
5.5 Improve internal and external communication	5.5.1	Review of communication strategy to ensure increased awareness on district roles by both internal and external role players	50%	Communication Strategy approved by Council	Draft Communication Strategy Developed and awaiting Policy Workshop and Council Approval	Workshopping was done to the previous Council but has to be done for the new Council	Ensure submission to policy workshop and Council Approval	Approved communication strategy	Office of the Executive Mayor
5.6 Ensure effective IGR environment and support to Local Municipalities	5.6.1	Number of service delivery queries resolved or attended to.		All received Presidential hotline queries attended to.	Achieved	None	None	Progress Reports	COO

Strategic Objectives	KPI Ref. No	KPI	Baseline	Annual Target	Actual Performance	Reasons for Variation	Corrective Measures	Means of Verification	Responsible Department
	5.6.2	Functionality of all IGR structures	85%	100% All IGR forums established and meet as per council calendar Review of district IGR Policy	Partially achieved	Draft IGR Policy in place, however it has not been workshopped as there was an undertaking that a policy workshop should be preceded by a political IGR Launch. This was held in the last quarter of the year.	Policy workshop deferred to next financial year.	Minutes and Reports	
	5.6.3	Number of DM support programmes to the LMs implemented		Coordination of all support programmes implemented by the DM	Not achieved	IGR Policy needs to be finalized before this target can be achieved.	Prioritized for next financial year.	Approved plan	
5.7 To provide appropriate legal services	5.7.1	Number of litigation cases concluded/ settled out of court	4	8	Achieved	N/A	N/A	Court Orders	Corporate Affairs cluster: Legal Services
	5.7.2	Number of litigation cases concluded in favour of the DM	4	8	Achieved	N/A	N/A	Court Orders	

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COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

Employees					
Description	2010/2011	2011/12			
	Employees	Approved Posts	Employees	Vacancies	Vacancies
	No.	No.	No.	No.	%
Water	328	484	270	356	74%
Waste Water (Sanitation)	62	-	60	-	%
Electricity	-	-	-	-	%
Waste Management	–	-	-	-	%
Housing	11	22	14	8	36%
Waste Water (StormwaterDrainage)	–	-	-	-	%
Roads	–	-	-	-	%
Transport	–	-	-	-	%
Planning	24	37	14	23	62%
Local Economic Development	5	33	4	28	84%
Planning (Strategic & Regulatary)	–	-	-	-	%
Local Economic Development	–	-	-	-	%
Community & Social Services	61	150	51	96	64%
Enviromental Proctection	28	143	26	117	81%
Health	-	-	-	-	%
Security and Safety	13	37	10	27	72%
Sport and Recreation	3	7	3	4	57%
Corporate Policy Offices and Other	252	277	272	118	43%
Totals	**535**	**706**	**748**	**421**	**59.6%**

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Vacancy Rate: 2011/12			
Designations	***Total Approved Posts** **No.**	***Vacancies (Total time that vacancies exist using fulltime equivalents)** **No.**	***Vacancies (as a proportion of total posts in each category)** **%**
Municipal Manager	1	0	0.00
CFO	1	0	0.00
Other S57 Managers (excluding Finance Posts)	18	3	16.00
Fire fighters	42	20	47.62
Senior management: Levels /TG 14-18(excluding Finance Posts)	64	21	32.81
Senior management: Levels /TG 14-18 (Finance posts)	5	2	40.00
Highly skilled supervision: levels /TG 19-26 (excluding Finance posts)	7	2	28.57
Highly skilled supervision: levels TG 19-26 (Finance posts)	1	0	0.00
Total	**140**	**48**	34.29

Turn-over Rate			
Details	**Total Appointments/NUMBER OF STAFF as of beginning of Financial Year** **No.**	**Terminations during the Financial Year** **No.**	**Turn-over Rate***
2009/2010	847	42	5%
2010/2011	855	46	5%
2011/2012	813	93 -56	11%

COMMENT ON VACANCIES AND TURNOVER:

The only vacant senior management posts include that of an Ombudsperson, Strategic Director for Infrastructure and Services as well as Chief Policy Analyst: Policy, Research & Development. The reasons for turnover rate vary from resignations (%), deaths (%), retirements (%) and medical boarding (%). The municipality does not have a staff retention strategy in place. However, steps for a Council approved staff retention strategy/ policy are in the pipeline.

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COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

INTRODUCTION TO MUNICIPAL WORKFORCE MANAGEMENT

A workshop on HR policies review was held on ……with a view to update and comply with new developments in the field of HR management.

4.2 POLICIES

HR Policies and Plans				
	Name of Policy	**Completed %**	**eviewed %**	**Date adopted by council or comment on failure to adopt**
1	Affirmative Action	0%	N/A	Discuss the status quo
2	Attraction and Retention	0%	N/A	N/A
3	Code of Conduct for employees	0%	N/A	N/A
4	Delegations, Authorisation & Responsibility	0%	N/A	N/A
5	Disciplinary Code and Procedures	100%	0%	N/A
6	Essential Services	100%	0%	
7	Employee Assistance / Wellness	0%	0%	N/A
8	Employment Equity	0%	0%	N/A
9	Exit Management	0%	0%	Exit Interview Questionnaire in place but awaiting Council approval
10	Grievance Procedures	100%	0%	N/A
11	HIV/Aids	100%	0%	N/A
12	Human Resource and Development	100%	0%	N/A
13	Information Technology	0%	0%	N/A
14	Job Evaluation	100%	0%	Adopted on the 17/03/2011. JE Final Outcomes Report implemented during 2010/11 financial year and still applicable during 2011/12 financial year.
15	Leave	0%	0%	N/A
16	Occupational Health and Safety	100%	0%	N/A
17	Official Housing	100%	0%	N/A
18	Official Journeys	100%	0%	N/A
19	Official transport to attend Funerals	0%	0%	N/A
20	Official Working Hours and Overtime	100%	0%	N/A
21	Organisational Rights	100%	0%	Adopted on the 26/4/2005. Local

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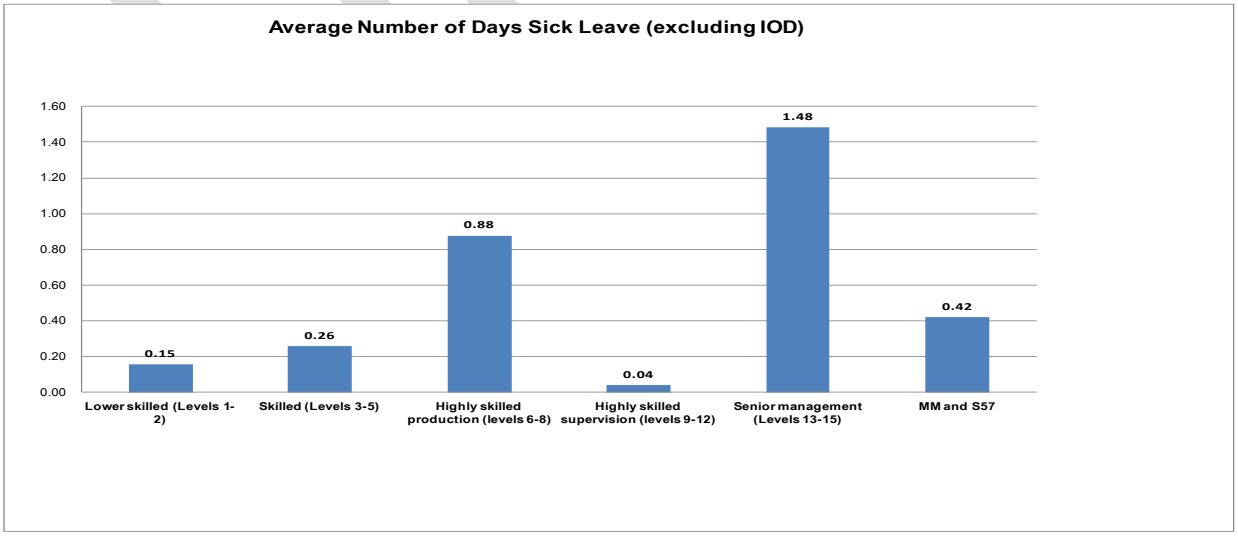
HR Policies and Plans				
	Name of Policy	**Completed %**	**eviewed %**	**Date adopted by council or comment on failure to adopt**
				Labour Forum (LLF) in place and LLF meetings and resolutions as per the Organisational Rights Agreement (ORA) took place during 2011/12.
22	Payroll Deductions	100%	0%	N/A
23	Performance Management and Development	2,2%	0%	Exits for top management only (i.e. Directors, Strategic Directors and Municipal Manager)
24	Recruitment, Selection and Appointments	100%	0%	N/A
25	Remuneration Scales and Allowances	100%	0%	Adopted on the 21/04/2010 and 18/06/2007 respectively. They exist in the form of Collective Agreement on Catergorisation of Municipalities and Wage Curves as well as SALGBC Main Collective Agreement.
26	Resettlement	100%	0%	N/A
27	Sexual Harassment	100%	0%	N/A
28	Skills Development	100%	0%	N/A
29	Smoking	100%	0%	N/A
30	Special Skills	100%	0%	Adopted on the 17/03/2011. Appear as Preferred Qualifications in Job Description Forms (JDFs).
31	Work Organisation	100%	0%	Reflected in approved organisational structure (Macro and Micro) structures, functional synergies, reporting lines, job titles and job descriptions.
32	Uniforms and Protective Clothing	100%	0%	N/A
33	Other: Legal Employees Session; Career Opportunities and Succession Planning Use of Municipal Equipment, Vehicle usage and damage to vehicles	12.5%	0%	N/A

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4.3 INJURIES, SICKNESS AND SUSPENSIONS

Number and Cost of Injuries on Duty					
Type of injury	**Injury Leave Taken** **Days**	**Employees using injury leave** **No.**	**Proportion employees using sick leave** **%**	**Average Injury Leave per employee** **Days**	**Total Estimated Cost** **R'000**
Required basic medical attention only	0	2	0%	0	0
Temporary total disablement	0	0	0%	0	0
Permanent disablement	0	0	0%	0	0
Fatal	0	0	0%	0	0
Total	0	2	0%	0	0

Number of days and Cost of Sick Leave (excluding injuries on duty)						
Salary band	**Total sick leave**	**Proportion of sick leave without medical certification**	**Employees using sick leave**	**Total employees in post***	***Average sick leave per Employees**	**Estimated cost**
	Days	**%**	**No.**	**No.**	**Days**	**R' 000**
Lower skilled (Levels 1-2) and Skilled (Levels 3-5)	3555	2,9%	268	268	13.20	1491240
Highly skilled production (levels 6-8) and Highly skilled supervision (levels 9-12)	173	8,7%	103	103	1,6	910673
Senior management (Levels 13-15)	102	32,0%	31	31	3,2	312503
MM and S57	42	50%	9	9	4.60	173273
Total	**3872**	**50%**	**411**	**411**	9.42	**2887689**



COMMENT ON INJURY AND SICK LEAVE:

Injury and sick leave indicated in the above tables.

- No people were involved in serious injuries. All injuries on duty required basic medical attention and no sick leave was taken.
- A risk register was developed for HR department during a risk assessment exercise.
- Safety risk assessment is performed on an annual basis.
- First Aid representatives were trained in October 2011.
- Health and safety representatives were trained in May 2012.
- First Aid Kits were issued to some of the first aid representatives and are still being issued.
- Graphs in T 4.3.3 above reflect.....

Number and Period of Suspensions				
Position	**Nature of Alleged Misconduct**	**Date of Suspension**	**Details of Disciplinary Action taken or Status of Case and Reasons why not Finalised**	**Date Finalised**
Section 57	Contravention of Section 19(1) & (2) of Supply Chain Management Policy	September 2011	Suspension lifted	17/02/2012

Disciplinary Action Taken on Cases of Financial Misconduct			
Position	**Nature of Alleged Misconduct and Rand value of any loss to the municipality**	**Disciplinary action taken**	**Date Finalised**
N/A	N/A	N/A	N/A

COMMENT ON SUSPENSIONS AND CASES OF FINANCIAL MISCONDUCT:

The council resolved to constitute a committee to investigate the alleged misconduct above. The suspension lasted for 5 months and was lifted due to procedural irregularities.

4.4 PERFORMANCE REWARDS

None for the 2011/12

COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

The HR department has been able to meet and exceeded targets set by our SDBIP. There is however a reduced rate of grievances relating to training.

CHALLENGES

- By design the training function is centralised in HR department but there are other departments who conduct their own trainings without consulting HR resulting in under-statement of the Skills Development Levy.
- There is a lack of interest in the filling of Skills Audit forms issued by the HR department resulting in poor identification of training needs and skills gaps.
- There is lack of monitoring mechanism and intrinsic interest from trained employees regarding the impact of training outcomes on job performance.
- Absence of PMS for employees below section 57/ senior managers leads to tardiness on the part of employees to apply knowledge and expertise gained through training in improving their work performance and thereby access performance rewards.

Capacity building programmes for councilors have taken the following format:

- All Councillors have been trained in two Computer Literacy Programs
- 15 councilors have been registered for a Certificate in Local Government Law and Administration with the University of Fort Hare.
- Two councilors have been registered for Master in Public Administration (University of Fort Hare)
- Councilors have been workshopped on Local Government: Amended Systems Act and on Council Standing Orders.

The Office of the Speaker has conducted the following training programs to all Ward Committees in 4 local municipalities, with the exception of KSD where three ward committee members were trained from each ward.

- Report Writing
- Minute Taking
- Public Participation Purposes
- Project Management

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COUNCILORS TRAINING PROGRAMME	DATE	DURATION	NO. OF COUNCILLORS TRAINED	NO. OF MALES	NO. OF FEMALES
Workshop on Council Standing orders	15 February 2012	1day	43	25	18
Certificate in Local Government Law and Administration	February 2012	1 year	15	9	6
Masters in Public Administration	February 2012		3	2	1
Workshop on Ammended Systems Act	29 March 2012	1 day	27	17	10
Computer Literacy	16-18 April 2012	3 Days	43	27	16

4.5 SKILLS DEVELOPMENT AND TRAINING

Skills Matrix														
Management level	Gender	Employees in post as at 30 June Year 0	Number of skilled employees required and actual as at 30 June 2012											
			Learnerships			Skills programmes & other short courses			Other forms of training			Total		
		No.	Actual: End of Year -1	Actual: End of Year 0	Year 0 Target	Actual: End of Year -1	Actual: End of Year 0	Year 0 Target	Actual: End of Year -1	Actual: End of Year 0	Year 0 Target	Actual: End of Year -1	Actual: End of Year 0	Year 0 Target
MM and s57	Female		0	0	0	6	7		0	0	0			
	Male		0	0	0	7	9		0	0	0			
Councillors, senior officials and managers	Female		0	0	0	20	36		0	0	0			
	Male		0	0	0	19	39		0	0	0			
Technicians and associate professionals*	Female		0	0	0	33	28		0	0	0			
	Male		0	0	0	41	37		0	0	0			
Professionals	Female		0	0	0	6	6		0	0	0			
	Male		0	0	0	9	9		0	0	0			
Sub total	Female		0	0	0	65	77		0	0	0			
	Male		0	0	0	76	94		0	0	0			
Total		0	0	0	0	282	342	0	0	0	0	0	0	0

Financial Competency Development: Progress Report*						
Description	A. Total number of officials employed by municipality (Regulation 14(4)(a) and (c))	B. Total number of officials employed by municipal entities (Regulation 14(4)(a) and (c)	Consolidated: Total of A and B	Consolidated: Competency assessments completed for A and B (Regulation 14(4)(b) and (d))	Consolidated: Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))	Consolidated: Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))
Financial Officials						
Accounting officer	1	0	1	0	0	0
Chief financial officer	1	0	1	0	0	0
Senior managers	16	0	16	0	0	2
Any other financial officials	0	0	0	0	0	0
Supply Chain Management Officials						
Heads of supply chain management units	1	0	1	0	0	0
Supply chain management senior managers	0	0	0	0	1	1
TOTAL	**19**	**0**	**19**	**0**	**1**	**3**

TRAINING PLANS (WSP) AND IMPLEMENTATION

Due to challenges referred to in T 4.5.0, the adequacy of training plans and the effectiveness of implementation of our WSP is compromised. There was also a moratorium on spending in trainings, internships, learnerships etc. As a result thereof, there was under-spending during 2011/2012 financial year as reflected in T 4.5.3 above.

Funding and spending was increased subsequent to the lifting of the moratorium. There is lack of assessment of the value of training activity as already alluded to in T4.5.0 above.

The Competency Regulations as per MFMA and the range of officials to which it relates as well as the 2013 deadline is reflected in the response to T4.5.2 above.

Despite the challenges relating to the implementation of our WSP, the Municipality is able to claim and obtain Skills Levy from the LGSETA.

COMPONENT D: MANAGING WORKFORCE EXPENDITURE

INTRODUCTION TO WORKFORCE EXPENDITURE

The importance of proper management of workforce expenditure leads to fair remuneration, high staff morale, stable labour relations, staff retention and compliance with Labour Legislation (e.g. BCEA) and Financial Management Legislation (e.g. MFMA) as well as good governance (MSA). The Municipality seeks to obtain value for money from workforce expenditure through the PMS in the case of Section 57 employees and through proper management of leave and attendance registers.

4.6 EMPLOYEE EXPENDITURE

Skills Development Expenditure										
R2 556 000.00										
Management level	**Gender**	**Employees as at the beginning of the financial year**	**Original Budget and Actual Expenditure on skills development Year 1**							
			Learnerships		**Skills programmes & other short courses**		**Other forms of training**		**Total**	
		No.	**Original Budget**	**Actual**	**Original Budget**	**Actual**	**Original Budget**	**Actual**	**Original Budget**	**Actual**
MM and S57	Female	6	0	0	300000	225000	300000	240000	600000	465000
	Male	9	0	0						
Legislators, senior officials and managers	Female	41	0	0	850000	705000	800000	725000	1650000	1430000
	Male	64	0	0						
Professionals	Female	35	0	0	250000	215000	200000	169000	450000	384000
	Male	10	0	0						
Technicians and associate professionals	Female	9	0	0	275000	218000	315000	214000	590000	432000
	Male	1	0	0						
Clerks	Female	22	0	0	425000	405000	500000	435000	925000	840000
	Male	9	0	0						
Service and sales workers	Female		0	0						
	Male		0	0						
Plant and machine operators and assemblers	Female	17	0	0	300000	276000	400000	242000	242000	518000
	Male	27	0	0						
Elementary occupations	Female	147	0	0	600000	512000	485000	410000	410000	922000
	Male	298	0	0						
Sub total	Female	113	0	0	2100000	1768000	2115000	1783000	4215000	3551000
	Male	93	0	0						
Total		206	0	0	2100000	1768000	2115000	1783000	4215000	3551000

Factors influencing workforce expenditure during the year are *inter alia* those relating to the moratorium referred to in T 4.5.4. There were no upgraded posts during financial year 2011/2012.

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5.1. STATEMENTS OF FINANCIAL PERFORMANCE

The Budget and Treasury Office in the District Municipality is experiencing a critical shortage of staff. The available staff is not coping with the demands and requirements of a functional BTO. The managers reporting to the Chief Financial Officer do not have the necessary support staff to execute their functions. This hampers the District Municipality to comply with the basic requirements of the MFMA and its regulations as well as general financial Management. This status quo has been prevailing for a number of years. The environment is conducive for the enabling opportunity for fraud and corruption. The existing BTO organogram is not responsive to the demands and the basic requirements of the MFMA and its regulations as well as general financial Management. The District Municipality will face an uphill and insurmountable challenge in attaining the Nation target of operation clean audit in 2013/14 financial year. Currently there is no infrastructure in place to achieve the said target. The existing control environment is not enabling the District Municipality to detect the irregular and wasteful expenditure as well as fraud and corruption. The District Municipality is depending upon the Office of the Auditor-General which only comes after the end of financial year to be aware of the most material non-compliance with laws and regulations. The ultimate approval of the BTO organogram shall assist the District Municipality to attract the skilled personnel which will augment the District Municipality to function optimally.

STATEMENTS OF FINANCIAL PERFORMANCE 2011/12

R thousands or R	Original Budget	Budget Adjustments *(i.t.o. s28 and s31 of the MFMA)*	Virement *(i.t.o. Council approved by-law)*	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	1	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**
Financial Performance									
Property rates									
Service charges	110,450,000	14,994,438		125,444,438	120,794,902		4,649,535	96%	109%
Investment revenue	9,774,338	1,500,000		11,274,338	32,764,780		(21,490,442)		
Transfers recognised -	715,798,7	(318,263,640)		397,535,089	749,040,938		(351,505,8	188%	105%

operational	29						49)		
Other own revenue	99,245,455	20,560,982		119,806,437	41,012,948		78,793,489	34%	41%
Total Revenue (excluding capital transfers and contributions)	**935,268,522**	**(281,208,220)**	**-**	**654,060,302**	**943,613,569**		**(289,553,267)**	**144%**	**101%**
Employee costs	246,460,603	(38,287,542)		208,173,061	194,323,905		13,849,156	93%	79%
Remuneration of councillors	9,525,789	606,161		10,131,950	9,374,636		757,314	93%	98%
Debt impairment	27,500,000	-		27,500,000	25,845,661		1,654,339	94%	94%
Depreciation & asset impairment	150,000,000	-		150,000,000	174,915,997		(24,915,997)	0%	0%
Finance charges	-	-		-	15,850		(15,850)	0%	0%
Materials and bulk purchases	71,545,408	-		71,545,408	58,491,191		13,054,217	82%	82%
Transfers and grants	64,295,648	8,094,000		72,389,648	72,682,280		(292,632)	0%	0%
Other expenditure	515,941,074	(251,620,839)		264,320,235	567,643,964		(303,323,729)	215%	110%
Total Expenditure	**1,085,268,522**	**(281,208,220)**	**-**	**804,060,302**	**1,103,293,484**	**-**	**(299,233,182)**	**137%**	**102%**
Surplus/(Deficit)	**(150,000,000)**	**(0)**	**-**	**(150,000,000)**	**(159,679,915)**		**9,679,915**	106%	106%
Transfers recognised - capital	280,806,270	440,575,072		721,381,342	113,897,404		607,483,938	16%	41%
Contributions recognised - capital & contributed assets		-		-					
Surplus/(Deficit) after capital transfers & contributions	**130,806,270**	**440,575,072**	**-**	**571,381,342**	**(45,782,511)**		617,163,853	-8%	-35%
Share of surplus/ (deficit) of associate									
Surplus/(Deficit) for the year	**130,806,270**	**440,575,072**	**-**	**571,381,342**	**(45,782,511)**	**-**	**617,163,853**	**-8%**	**-35%**
Capital expenditure & funds sources									
Capital expenditure	**280,806,270**	**440,575,072**		**721,381,342**	**119,552,752**		**607,483,938**	0%	43%
Transfers recognised - capital	280,806,270	440,575,072		721,381,342	119,552,752		601,828,590	0%	43%

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Public contributions & donations	-	-		-	-		-	0%	0%
Borrowing	-	-		-	-		-	0%	0%
Internally generated funds	-	-		-			-	0%	0%
Total sources of capital funds	**280,806,270**	**440,575,072**		**721,381,342**	**119,552,752**		**601,828,590**	0%	43%
Cash flows									
Net cash from (used) operating	280,693,770	444,187,572		724,881,342	400,068,038		324,813,304	55%	143%
Net cash from (used) investing	(280,806,270)	(400,664,072)		(681,470,342)	(121,032,880)		(560,437,462)	18%	43%
Net cash from (used) financing	-			-	170,557		(170,557)	0%	0%
Cash/cash equivalents at the year end	**210,367,463**	(20,000,682)		**190,366,781**	**279,205,715**		**(88,838,934)**	147%	133%

Variance analysis for a variance above 10%

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5.2. GRANTS

All the grants were received as per Division of Revenue Act during 2011/12 financial year. The cash flow from operating activities has increased as compared to previous financial year. The reason for the increase is mainly attributed to under-spending of Municipal Infrastructure Grant. This is reflected on balance of cash and equivalents at the year end. The spending of capital assets during the year under-review was less than previous year mainly due to the under-spending of Municipal Infrastructure Grant. The District Municipality was financially stable during the year ended 30 June 2012.

Grant Performance				
	Year 10/11	**Current Year 11/12**		
Description	**Audited Outcome**	**Original Budget**	**Adjusted Budget**	**Actual**
Operating Transfers and Grants				
National Government:	**427,235,524**	**433,832,000**	**440,258,000**	**432,745,726**
Local Government Equitable Share	406,208,524	416,223,000	414,811,000	414,811,000
Finance Management	1,000,000	1,250,000	1,250,000	1,250,000
Municipal Systems Improvement	1,000,000	790,000	790,000	790,000
Water Services Operating Subsidy	19,027,000	15,569,000	15,569,000	15,894,726
EPWP			7,838,000	
Provincial Government:	3,266,421	-	6,717,199	4,612,670
LED Capacity Building	173,661			
DEDEA Grants			3,117,199	
ATTIC	3,092,760		3,600,000	4,612,670
District Municipality:				
Other grant providers:				
Total Operating Transfers and Grants	**430,501,945**	**433,832,000**	**446,975,199**	**437,358,396**
Capital Transfers and Grants				
National Government:	570,955,000	562,773,000	664,336,234	564,461,000
Municipal Infrastructure Grant (MIG)	570,955,000	562,773,000	664,336,234	562,773,000
Intergrated Transport Fund				1,688,000
Other capital transfers/grants [insert desc]				
Provincial Government:	10,027,446	-	7,604,999	6,744,882
Library	4,100,000		6,472,888	5,890,000
Housing	5,927,446		1,132,111	854,882
District Municipality:				
[insert description]				
Other grant providers:				
[insert description]				
Total Capital Transfers and Grants	**580,982,446**	**562,773,000**	**671,941,233**	**571,205,882**
TOTAL RECEIPTS OF TRANSFERS & GRANTS	**1,011,484,391**	**996,605,000**	**1,118,916,432**	**1,008,564,278**

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5.3. ASSET MANAGEMENT

5.4. FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS

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5.5. CAPITAL EXPENDITURE

Expenditure

- **Depreciation and Impairment of assets**

  The difference of R24,9 Million is mainly due to the understatement of budgeted depreciation which was based on 2010/11 financial year .

- **Material and Bulk purchases**

  The difference of R13 Million is mainly due to

- **Other expenditure**

  The difference of R303,3 Million is mainly due to the conditional grant expenditure which has been recognized as operational expenditure because it did not meet asset recognition. The greater part of the conditional expenditure relates to Municipal Infrastructure Grant which is capitalized in terms of circular 58.

- **Transfers recognized capital**

  The difference of R607 Million is mainly due to the recognition of Municipal Infrastructure Grant expenditure which relate to water infrastructure which was capitalized in the annual financial statements, whereas in the budget the whole Municipal Infrastructure Grant was recognized as capital in terms of circular 58.

5.6. SOURCES OF FINANCE

- **Investments**

  The difference of R21,5 Million is due to Interest charged on service charges amounting to R18,5 Million as well as R3 Million of additional interest earned on investments.

- **Transfers recognized**

  The difference of R351,5 Million is mainly due to Municipal Infrastructure Grant which was which was fully recognized as capital expenditure in line circular 58. In the annual financial statements , only the portion of capital expenditure which meets the criteria for the asset recognition is capitalized into statement of financial position as an asset. Circular 58 requires that the whole Municipal Infrastructure Grant should be classified as the capital expenditure.

- **Other own revenue**

  The difference of R78,8 Million is mainly due to the under-spending of the Municipal Infrastructure Grant which affected VAT on conditional grant. Furthermore, the other

VAT on unconditional grants is not recognized in the statement of financial performance.

5.7. CAPITAL SPENDING ON 5 LARGEST PROJECTS

Capital Expenditure 2011/12 Water Services R' 000					
Capital Projects	Year 2011/12				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
TOTAL (ALL WATER)	587 445.67	296 653.00	252 155.05	44 497.95	2 876 749.52
Extension of Coffee-Bay Regional Water Supply	113653,953	24 320	20672	3 648	185000
Upgrading of Thornhill Water Treatment Works	63 675.61	22286.464	18943.49457	3 343	137000
Upgrade of Mthatha Raw Water Bulk line	57 925.00	20 273.750	17232.6875	3 041	64450
Extension of Rosedale Water Supply to Libode	146 750.06	55 000	46750	8 250	215750
Extension of Thekwini Water Supply (Phase 2)	61 199.52	30 000	25500	4 500	61 199.52
Dumasi Water Supply	12 772.79	12 773	10856.8698	1 916	96450
Culunca Dam	25 902.13	17 000	14450	2 550	29450
Extension of Mvumelwano Water Supply	27 515.14	20 000	17000	3 000	32450
Flagstaff Regional Water Supply	148 705.41	42 000	35700	6 300	231000
Ingquza Hill Regional Water Supply (master plan)	10 000.00	13 000	11050	1 950	1750000
PORT ST JOHNS Off Channel Dam for Regional Water Supply and Extension to villages	33 000.00	40 000	34000	6 000	74000

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5.8. BASIC SERVICE AND INFRASTRUCTURE BACKLOGS – OVERVIEW

WATER SERVICES DELIVERY LEVELS				
				HOUSEHOLDS
DESCRIPTION	YEAR -3	YEAR -2	YEAR -1	YEAR 0
	Actual No.	Actual No.	Actual No.	Actual No.
Water: (Above min level)				
Piped water inside dwelling				38745
Piped water inside yard (but not in dwelling)				15700
Using public tap (within 200 m from dwelling)				48127
Other water supply (within 200 m)				12364
Minimum Service Level and above (Sub-total)				114936
Minimum Service Level and above (Percentage)				41%
Water: (Below min level)				
Using public tap (more than 200 m from dwelling)				16481.6
Other water supply (more than 200 m from dwelling)				49444.8
No water supply				98889.6
Below Minimum Service Level (sub-total)				164816
Below Minimum Service Level (Percentage)				59%
Total number of households (as per IDP)				279752
* To include informal settlements				T 3.1.3

Sanitation Service Delivery Levels				*Households
Description	**Year 3 Outcome No.**	**Year 2 Outcome No.**	**Year 1 Outcome No.**	**Year 0 Outcome No.**
Sanitation/sewerage: (above minimum level)				
Flush toilet (connected to sewerage)	34000	34000	34000	34000
Flush toilet (with septic tank)	25582	25582	25582	25582
Chemical toilet	0	0	0	0
Pit toilet (ventilated)	150072	123072	96072	69072
other toilet provisions (above min. service level)				
Minimum Service Level and above sub-total	209654	182654	155654	128654
Minimum Service Level and above percentage	73%	64%	54%	45%
Sanitation/sewerage: (below minimum level)				
Bucket toilets	0	0	0	0
Other toilet provisions below min. service level)	0	0	0	0
No toilet provision	77122	104122	131122	158122
Below Minimum Service Level sub-total	77122	104122	131122	158122
Below Minimum Service Level percentage	27%	36%	46%	55%
Total households	286776	286776	286776	286776
Total number of households including informal settlements				T3.2.3

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5.9. CASH FLOW

Cash Flow Outcomes				
	Year -1	Current Year 0		
Description	Audited Outcome	Original Budget	Adjusted Budget	Actual
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Ratepayers and other	91,166,744	182,082,955	188,301,340.45	44,178,541.65
Government – operating	411,301,284	715,798,729	637,301,941.00	437,358,396.40
Government – capital	594,152,091	280,806,270	496,212,050.00	741,927,843.25
Interest	36,516,063	9,774,338	9,322,570.00	32,764,780
Dividends				
Payments				
Suppliers and employees	(711,557,331)	(843,472,873.68)	(739,920,876)	(783,463,392)
Finance charges	(91,301)			(15,850)
Transfers and Grants	(43,071,724)	(64,295,648.00)	(63,807,387)	(72,682,280)
NET CASH FROM/(USED) OPERATING ACTIVITIES	**378,415,826**	**280,693,770**	**527,409,638**	**400,068,038**
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of PPE	3,590,889			801,978
Decrease (Increase) in non-current debtors				
Decrease (increase) other non-current receivables				
Decrease (increase) in non-current investments				
Payments				
Capital assets	(299,987,509)	(280,806,270)	(496,212,050)	(121,834,858)
NET CASH FROM/(USED) INVESTING ACTIVITIES	**(296,396,620)**	**(280,806,270)**	**(496,212,050)**	**(121,032,880)**
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Short term loans				
Borrowing long term/refinancing				1,389,561
Increase (decrease) in consumer deposits	494,700.40			374,100
Payments				
Repayment of borrowing	(537,176.50)			(203,544)
NET CASH FROM/(USED) FINANCING ACTIVITIES	**(42,476.10)**	**-**	**-**	**1,560,117.28**
NET INCREASE/ (DECREASE) IN CASH HELD	81,976,730	(112,500)	31,197,588	280,595,275
Cash/cash equivalents at the year begin:	64,979,050	210,479,963	190,366,781	146,955,781
Cash/cash equivalents at the year end:	146,955,780	210,367,463	221,564,370	427,551,057

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5.10. BORROWING AND INVESTMENTS

5.11. PUBLIC PRIVATE PARTNERSHIPS

The O.R. Tambo DM has no PPP in place

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COMPONENT D: OTHER FINANCIAL MATTER

5.12. SUPPLY CHAIN MANAGEMENT

The District Municipality (DM) does not have SCM unit in its organogram as required by SCM regulations and Policy. This has made it impossible to fully comply with SCM policy and regulations. The total approved budget for the 2011/12 financial year was R1,5 Billion. This budget must have been implemented in full compliance with the SCM policy and regulations. Without the proper institutional arrangement in place, the prevention of irregular expenditure to an acceptable level will continue to be non-existence. The procurement of goods and services under R200,000 is generally done in unplanned and haphazard manner. This enable enough room for the wrong doings. The officials performing the SCM duties on a day to day basis do not have prescribed minimum competency level.

5.13 GRAP COMPLIANCE

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CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS

COMPONENT A: AUDITOR – GENERAL OPINION OF FINANCIAL STATEMENTS YEAR 2010/11

6.1. AUDITOR GENERAL REPORTS YEAR – 2010/11

Auditor-General Report on Financial Performance: Year 2010/2011	
Audit Report Status*:	**Adverse audit opinion**
Non-Compliance Issues	**Remedial Action Taken**
Infrastructure, property plant and equipment, depreciation, amortisation and capital commitments.	The issue has not yet been addressed. Due to lack of staff the asset register gets updated at year end with the assistance of external service providers.
General expenses, repairs and maintenance	Reviews are performed to identify and then correct misallocations in repairs and maintenance expenditure.
Revenue from exchange transactions	This issue has not been fully addressed.
Gain on sale of assets	To review the management and control processes of biological assets and grant Ntinga full control of all assets. Municipality to develop financial procedures and controls to ensure proper accounting of transactions.
Irregular expenditure	This issue has not been fully addressed.
Water distribution losses	This issue has not been fully addressed.
Other corresponding figures	This issue has not been fully addressed.
Fruitless and wasteful expenditure	This issue has not been fully addressed.
Material losses / impairments	This issue has not been fully addressed.
Material under-spending of budgets	This issue has not been fully addressed.

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Auditor-General Report on Service Delivery Performance: Year 2010/2011	
Audit Report Status:	Not applicable in the period under review
Non-Compliance Issues	**Remedial Action Taken**
Reported indicators are not complete when compared with planned indicators.	The finding has been addressed performance reports are presented to the management team, which looks at the quality and relevance of reported performance, reasons for variation as well as corrective measures
Reported information is not consistent when compared with planned indicators.	The finding has been addressed performance reports are presented to the management team, which looks at the quality and relevance of reported performance, reasons for variation as well as corrective measures
Planned and reported performance targets are not measurable.	The development of credible KPIs was one of the main focus areas in the development of credible IDP for the 2012/13, the KPIs were well consulted with and understood by the relevant departments
Reported results as per the annual performance report are not valid as no supporting source information was not provided.	A management directive was issued that POEs be submitted with all performance reports submitted.
Reported results as per the annual performance report are not accurate when compared source information.	A management directive was issued that POEs be submitted with all performance reports submitted.

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6.2. AUDITOR GENERAL REPORT YEAR 2011/12

Auditor-General Report on Financial Performance Year 2011/2012	
Status of audit report:	**Disclaimer audit opinion**
Non-Compliance Issues	**Remedial Action Taken**
Cash and cash equivalents	All journals will have supporting documents during 2012/13 financial year.
Infrastructure, property, plant and equipment	A complete review of the infrastructure asset register will be performed
Depreciation and amortisation	A complete review of the infrastructure asset register will be performed.
Obligations under transfer arrangements, revenue from non-exchange transactions and grant expenditure	The duplications have been reversed in the manual expenditure listing. No duplication was made in the financial management system.
Capital commitments	Capital commitments will be listed and calculated properly.
Inventories	Improve records management. Duplicate invoices kept by the stores office.
Employee related costs and remuneration of councillors	Reconciliation of accounts to be done monthly. All casual workers to be paid through human resources and attendance registers maintained. Employees to be informed of the importance of presenting themselves when they are requested by the auditors.
Revenue from exchange transactions	The processes of bulk meter installation is on-going. Develop relevant procedure manuals for revenue management.
Trade receivables from exchange transactions	To fill vacant positions for debtors management function to be done.
Statements of changes in net assets	Annual financial statements will be reviewed before submission to AG to ensure correct disclosure as per GRAP
Cash flow statement	Annual financial statements will be reviewed before submission to AG to ensure correct disclosure as per GRAP
General expenses and contracted services	All required information will be submitted to the auditors within the agreed time periods.
Finance lease liability	All additions of finance leases during the current financial year will be included in the calculation of finance lease liability.
Irregular expenditure	Enforce compliance with legislation. Reports to be prepared quarterly and present them the audit committee.

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Auditor-General Report on Financial Performance Year 2011/2012	
Status of audit report:	**Disclaimer audit opinion**
Non-Compliance Issues	**Remedial Action Taken**
Unauthorised expenditure	Enforce compliance with legislation. Reports to be prepared quarterly and present them the audit committee.
Fruitless and wasteful expenditure	Enforce compliance with legislation. Reports to be prepared quarterly and present them the audit committee.
Budget versus actual	Annual financial statements will be reviewed before submission to AG to ensure correct disclosure as per GRAP
Water distribution losses	To develop an acceptable formula of calculating water losses in consultation with Auditor General
Accounting policies	Annual financial statements will be reviewed before submission to AG to ensure correct disclosure as per GRAP
Other corresponding figures	The differences will be adjusted in the annual financial statements for the 2012/2013 financial year
Accumulation of uncorrected misstatements.	The differences will be adjusted in the annual financial statements for the 2012/2013 financial year
Significant uncertainties	Regular sitting of committees and award of tenders as per the approved procurement plan and strict project management. Proper planning and monitoring of project implementation.
Restatement of corresponding figures	The differences will be adjusted in the annual financial statements for the 2012/2013 financial year
Material / impairment losses	Continuous implementation of the credit control policy.
Material underspending of the conditional grant	Regular sitting of committees and award of tenders as per the approved procurement plan and strict project management. Proper planning and monitoring of project implementation.
Subsequent events	Regular sitting of committees and award of tenders as per the approved procurement plan and strict project management. Proper planning and monitoring of project implementation.
Possible fraud	Reports were received and once tabled in council appropriate corrective action will be taken. Reports were received and once tabled in council appropriate corrective action will be taken.

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Auditor-General Report on Service Delivery Performance: Year 2011/2012	
Status of audit report:**	Not applicable in the period under review
Non-Compliance Issues	**Remedial Action Taken**
Measures taken to improve performance not disclosed.	The finding has been addressed performance reports are presented to the management team, which looks at the quality and relevance of reported performance, reasons for variation as well as corrective measures
Reported objectives, indicators and targets not consistent with planned objectives.	The finding has been addressed performance reports are presented to the management team, which looks at the quality and relevance of reported performance, reasons for variation as well as corrective measures
Performance indicators not well defined.	The development of credible KPIs was one of the main focus areas in the development of credible IDP for the 2012/13, the KPIs were well consulted with and understood by the relevant departments
Reported performance not valid.	Reviews of performance reports are done by management.
Reported performance not accurate.	Compliance with the management directive was issued that POEs be submitted with all performance reports submitted.
Reported performance not complete.	The finding has been addressed performance reports are presented to the management team, which looks at the quality and relevance of reported performance, reasons for variation as well as corrective measures
Reported targets not supported by sufficient appropriate evidence.	Compliance with the management directive was issued that POEs be submitted with all performance reports submitted.
Non achievement of planned targets.	The finding has been addressed performance reports are presented to the management team, which looks at the quality and relevance of reported performance, reasons for variation as well as corrective measures
No consultation of local community in the drafting and implementation of the IDP.	Proof of consultation with local community is to be maintained for all engagements.
Conduct of affairs not consistent with the IDP.	Improve planning and adhere to budget and service delivery and budget implementation plan.

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AUDITOR-GENERAL
SOUTH AFRICA

The Accounting Officer
OR Tambo District Municipality
Private Bag X6043
Mthatha
5100

11 December 2012

Reference: 60082REG11/12

Dear Sir

Report of the Auditor-General on the consolidated financial statements and other legal and regulatory requirements of OR Tambo District Municipality for the year ended 30 June 2012

1. The above-mentioned report of the Auditor-General is submitted herewith in terms of section 21(1) of the Public Audit Act of South Africa (PAA) read in conjunction with section 188 of the Constitution of the Republic of South Africa section 121(3) of the Municipal Finance Management Act of South Africa (MFMA).
2. We have not yet received the other information that will be included in the annual report with the audited financial statements and have thus not been able to establish whether there are any inconsistencies between this information and the audited financial statements and the reported performance against pre-determined objectives. You are requested to supply this information as soon as possible. Once this information is received it will be read and should any inconsistencies be identified these will be communicated to you and you will be requested to make the necessary corrections. Should the corrections not be made we will amend and reissue the audit report.
3. In terms of section 121(3) of the MFMA you are required to include the audit report in the municipality's annual report to be tabled.
4. Until the annual report is tabled as required by section 127(2) of the MFMA the audit report is not a public document and should therefore be treated as confidential.
5. Prior to printing or copying the annual report which will include the audit report you are required to do the following:
    - Submit the final printer's proof of the annual report to the relevant senior manager of the Auditor-General of South Africa for verification of the audit-related references in the audit report and for confirmation that the financial statements and other information are those documents that have been read and audited. Special care should be taken with the page references in your report, since an incorrect reference could have audit implications.
    - The signature *Auditor-General* in the handwriting of the auditor authorised to sign the audit report at the end of the hard copy of the audit report should be scanned in when preparing to print the report. This signature, as well as the place and date of signing and the Auditor-General of South Africa's logo, should appear at the end of the report, as in the hard copy that is provided to you. The official logo will be made available to you in electronic format.

6. Please notify the undersigned Business Executive / Senior Manager well in advance of the date on which the annual report containing this audit report will be tabled.
7. Your cooperation to ensure that all these requirements are met would be much appreciated.

Kindly acknowledge receipt of this letter.

Yours sincerely



.....
Business Executive

Enquiries: Ingrid Harris
Telephone: (043) 709 7200
Fax: (043) 709 7300

REPORT OF THE AUDITOR-GENERAL TO THE EASTERN CAPE PROVINCIAL LEGISLATURE AND THE COUNCIL OF OR TAMBO DISTRICT MUNICIPALITY

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

Introduction

1. I was engaged to audit the consolidated and separate financial statements of OR Tambo District Municipality and its subsidiaries, which comprise the consolidated and separate statement of financial position as at 30 June 2012, the consolidated and separate statement of financial performance, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, and the accounting officer's report, as set out on pages xx to xx.

Accounting Officer's responsibility for the consolidated financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with South African Statements of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and Division of Revenue Act of South Africa, 2010 (Act No. 1 of 2010 as amended) (DoRA), and for such internal control as the accounting officer determines is necessary to enable the preparation of consolidated and separatefinancial statements that are free from material misstatement, whether due to fraud or error.

Auditor-General's responsibility

3. My responsibility is to express an opinion on theconsolidated and separate financial statements based on conducting the audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the *General Notice* issued in terms thereof and International Standards on Auditing. Because of the matters described in the Basis for disclaimer of opinion paragraphs, I was unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for disclaimer of audit opinion

Cash and cash equivalents

4. Supporting documentation for journals with a value of R9.7 million was not provided for audit purposes. I was unable to obtain sufficient appropriate audit evidence to confirm the valuation and allocation of cash and cash equivalents, stated at R454.6 million (2011: R158.6 million) in the consolidated financial statements. The municipality's records did not permit the application of alternate audit procedures. Furthermore, I could not determine the effect on the other account balances or classes of transactions contained in the consolidated financial statements.

5. Section 125 of the MFMA requires the municipality to disclose the particulars of all bank accounts operated throughout the financial year. The municipality has not made the required disclosure within note 5 – Cash and cash equivalents.

6. Consequently I was unable to determine whether any adjustments relating to cash and cash equivalents in the consolidated financial statements were necessary.

Infrastructure, Property, Plant and Equipment

7. For infrastructure assets included in note 10 to the consolidated financial statements amounting to R3.2 billion (2011: R3.7 billion), the municipality did not review the residual values and useful lives of water infrastructure assets at each reporting date in accordance with GRAP 17 – *Property, plant and equipment*. Infrastructure assets with a gross cost of R792.2 million are included in the consolidated financial statements at a zero net carrying amount whilst still being in use. Because of the nature of these assets, it was impracticable to confirm or verify by alternative means the correct value of the infrastructure assets. Consequently, I was unable to determine the adjustment required to the carrying amount of infrastructure assets.

8. Infrastructure assets amounting to R62 million have been identified as needing significant repair or substantial replacement within the infrastructure asset register. These indicators of impairment had not been appropriately considered as required by IAS 36 – *Impairment of Assets* as no adjustments to the carrying values or depreciation rates have been made. Because of the nature of these assets, it was impracticable to confirm or verify by alternative means the correct value of the infrastructure assets. The municipality's records did not permit the application of alternate audit procedures.

9. Infrastructure assets amounting to R214.1 million were selected from the fixed asset register but could not be physically verified. There were no satisfactory alternative procedures that could be performed to obtain reasonable assurance that infrastructure assets of R214.1 million as included in note 10 to the financial statements exist. Furthermore, I could not determine the effect on the other account balances or classes of transactions contained in the consolidatedfinancial statements.

10. The infrastructure, property, plant and equipment balance of R3.23 billion, as disclosed in note 10 to the consolidatedfinancial statements, does not agree to the balance of R3.19 billion per the underlying accounting records. Furthermore, the entity did not reconcile this difference of R40.0 million between the consolidated financial statements and the underlying accounting records and could not provide sufficient appropriate audit evidence to support this amount.

11. GRAP 17 – *Property, Plant and Equipment* states that depreciation of an asset begins when it is available for use. Capital work in progress with a carrying value of R3.9 million had been transferred to Infrastructure Assets without having been completed. Consequently depreciation as disclosed in note 10 and accumulated depreciation as disclosed within note 10 of the consolidated financial statements is overstated by R97 919 as the asset was depreciated when it was not available for use.

12. I was unable to obtain sufficient appropriate audit evidence for the restatement in the corresponding figures of infrastructure, property, plant and equipment. As described in note 35 to theconsolidated financial statements, the restatement of R437.0 million was made in order to rectify a prior year misstatement. The prior period restatements have not been updated to reflect the change to the comparative figure as required by GRAP 3 – *Accounting policies, changes in accounting estimates and errors*. I was unable to confirm the restatement by alternative means. Consequently I was unable to determine whether any adjustments to the infrastructure, property, plant and equipment current and corresponding figures were necessary. Furthermore, I could not determine the effect on the other account balances or classes of transactions contained in the consolidated financial statements.

13. For other assets comprising of land, buildings, heritage assets, other assets and finance lease assets included in note 10 to the consolidated financial statements amounting to R139.5 million (2011: R143.7 million), the municipality did not review the residual values and useful lives of other assets at each reporting date in accordance with, GRAP 17 – *Property, plant and equipment*. Other assets with a gross cost of R35.7 million are included in the consolidated financial statements at a zero net carrying amount whilst still being in use. Because of the nature of these assets, it was impracticable to confirm or verify by alternative means the correct value of these assets. Consequently, I was unable to determine the adjustment required to the carrying amount of other assets.

14. Other assets as disclosed within note 10 to the consolidated financial statements is understated by R91.9 million as assets selected on the municipality's premises could not be traced to the fixed asset register. There are no satisfactory alternate procedures that could be performed to obtain reasonable assurance that the other assets within infrastructure, property, plant and equipment was completely recorded. Further, I could not determine the effect on the other account balances or classes of transactions contained in the consolidated financial statements.

15. Other assets as disclosed within note 10 to the consolidated financial statements are overstated by R28.5 million as assets recorded within the fixed asset register could not be physically verified. There are no satisfactory alternate procedures that could be performed to obtain reasonable assurance the other assets within infrastructure, property, plant and equipment exist and is accurate and appropriately valued. Further, I could not determine the effect on the other account balances or classes of transactions contained in the consolidated financial statements.

16. GRAP 3 – *Accounting policies, changes in accounting estimates and errors* requires that changes in accounting estimates be recognised prospectively and that disclosure of the change in accounting estimates be made as a note to the financial statements. Changes in accounting estimates due to the revision of residual values and useful lives amounting to R932.4 million have not been disclosed as required.

17. Miss-classifications amounting to R4.9 million have been identified resulting in the overstatement of general expenses included in note 29 and understatement of additions to Infrastructure, property, plant and equipment as disclosed within note 10 of the consolidated financial statements.

18. Consequently, I was unable to obtain sufficient appropriate audit evidence to satisfy myself as to the existence, valuation and allocation, rights and obligations and completeness of infrastructure, property, plant and equipment and therefore the occurrence, accuracy and completeness of depreciation and amortisation.

Depreciation and amortisation

19. Depreciation of other assets comprising of land, buildings, heritage assets, other assets and finance lease assets included in note 24 to the consolidated financial statements has been overstated by R16.6 million due to the inaccurate calculation of depreciation for the year and the depreciation rate not being aligned to the approved accounting policies as disclosed in accounting policy note 1.9 Property, plant and equipment.

20. Depreciation on infrastructure assets, included in note 24 to the consolidated financial statements has been understated by R78.1 million due the depreciation rate not being aligned to the approved accounting policies as disclosed in accounting policy note 1.9 Property, plant and equipment.

21. Depreciation on intangible assets, included in note 24 to the consolidated financial statements has been overstated by R572 779 due to inaccurate calculation of depreciation for the year.

22. Consequently, accumulated depreciation amounting to R8.9 million (2011: R6.5 million) as disclosed in note 9, accumulated depreciation amounting to R937.8 million (2011: R764.0 million) as disclosed in note 10, and depreciation and amortisation as disclosed in the statement of financial performance of R176.0 million (2011: R140.3 million) and note 24 of the consolidatedfinancial statements has been cumulatively understated by R50.5 million.

Obligations under transfer arrangements, revenue from non-exchange transactions and grant expenditure

23. IAS 20 -*Government Grants and disclosure* requires that revenue is recognised as the goods and services are provided. For Obligations under transfer arrangement balance of R385.4 million (2011: R66.4 million), I was unable to obtain sufficient appropriate audit evidence for grant expenditure amounting to R319.3 million. The municipality's records did not permit the application of alternate audit procedures in this circumstance.

24. The Expanded Public Works Programme (EPWP) grant receipts amounting to R7.3 million had been incorrectly allocated to grant expenditure resulting in an understatement of grant expenditure and related revenue from non-exchange transactions.

25. Upon consolidation elimination entries for the corresponding figures had been incorrectly performed resulting in an overstatement of government grants & subsidies revenue amounting to R8.7 million, overstatement of grants and subsidies paid amounting to R8.3 million as disclosed within the consolidatedstatement of financial performance and overstatement of obligations under transfer arrangements amounting to R363 583 as disclosed within the consolidatedstatement of financial position.

26. Consequently, I was unable to obtain sufficient appropriate audit evidence to satisfy myself as to the existence, valuation and completeness of obligations under transfer arrangements and therefore the occurrence, accuracy, classification and completeness of revenue from non-exchange transactions.

Capital Commitments

27. Supporting registers for capital commitments amounting to R1.7 billion (2011: R580.6 million) included in note 38 to the consolidatedfinancial statements could not be provided for audit purposes. A reconciliation of the differences between the underlying register and the consolidatedfinancial statements were requested, however this information was not provided for audit purposes. The municipality's records did not permit the application of alternate audit procedures to verify this disclosure.

28. Consequently, I was unable to satisfy myself regarding completeness, valuation, existence and rights and obligations of capital commitments disclosed in note 38 to theconsolidated financial statements.

Inventories

29. The inventories balance of R13.3 million (2011: R13.2 million) as disclosed within note 7 to the consolidatedfinancial statements has been overstated by R2.5 million due to differences between the underlying accounting records and the inventory count. Reperformance of the valuation of inventories as required by GRAP 12 – *Inventories* resulted in a difference of R604 084 as supporting documentation provided for audit purposes did not agree to the value included on the inventories listing.

30. Furthermore, inventories are overstated by R10.0 million due to the municipality being unable to provide sufficient appropriate audit evidence to support inventory stock holdings at three locations and invoices to support valuation, existence and completeness of inventories included in note 7 to the consolidatedfinancial statements. The municipality's records did not permit the application of alternate audit procedures.

31. Consequently, I did not obtain sufficient appropriate evidence to satisfy myself that inventories of R13.1 million exist, are complete and are accurately and appropriately valued.

Employee related costs and remuneration of councillors

32. The employee related cost and remuneration of councillors amounting to R194.3 million and R9.4 million respectively, as disclosed in note 23 to the financial statements does not agree to the amount of R236.1 million per the underlying accounting records relating to both employee related costs and remuneration of councillors. Furthermore, the Municipality did not reconcile this difference of R30.7 million between the financial statements and the underlying accounting records and could not provide sufficient appropriate audit evidence to support this amount.

33. The municipality could not provide sufficient appropriate audit evidence to support the authorisation and payment of third parties and the existence of employees could not be confirmed, resulting in R36.8 million overstatement of employee related costs. Due to inadequate document management, no alternative procedures could be performed to obtain sufficient appropriate audit evidence.

34. Included under employee related costs are casual wage payments amounting to at least R4.8 million which could not be verified as the municipality could not provide sufficient appropriate audit evidence to support these wage payments. The full impact of casual wage payments could not be determined as the municipality was unable to provide a listing of manual employee cost payments outside of the normal payroll process and misclassifications of employee related costs within grant expenditure has been identified.

35. Consequently, I was unable to satisfy myself regarding completeness, accuracy and allocation and occurrence of employee related costs and councillor remuneration as disclosed in note 23 to the financial statements

Revenue from exchange transactions

36. The municipality could not provide sufficient appropriate audit evidence for distribution losses within water services of at least R32.8 million for the financial year, as it did not have adequate systems and controls to measure and monitor these losses. Therefore, sufficient and appropriate audit evidence to confirm the completeness of revenue from exchange transactions as included in note 19 to the consolidatedfinancial statements could not be provided. Further, the municipality's records did not permit the application of alternate audit procedures.

37. Included in revenue from exchange transactions is sale of water charges amounting to R101.9 million (2011: R94.7 million) as disclosed in note 19 to theconsolidated financial statements. In terms of GRAP 9 – *Revenue from exchange transactions*, when the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction shall be recognised by reference to the stage of completion of the transaction at the reporting date. Due to instances identified where debtors were not billed for consumption, no accrual has been raised for the effect of meters being read during the middle of a month and not at year end.Further, the municipality's indigent policy has not been properly implemented during the year to ensure that all water consumed is billed and recorded. Therefore, revenue from exchange transactions, gross trade receivables from exchange transactions and allowance for impairment losses as disclosed in note 6.1 are understated by R7.0 million (2011: R9.0 million).

38. Included in note 19 to the consolidated financial statements is R19.1 million of sewerage and sanitation charges. Of this amount, sufficient and appropriate audit evidence for R16.7 million could not be provided due to the municipality not maintaining building plans or other supporting documentation which can be used to determine the sewerage points per erf on which revenue is calculated. The municipality's records did not permit the application of alternative audit procedures in order to obtain reasonable assurance that all sewerage and sanitation revenue was accurately and completely recorded.

39. Revenue from exchange transactions contained journals amounting to at least R1.7 million for which sufficient appropriate audit evidence could not be provided to verify the journal entries processed. The municipality's records did not permit the application of alternate audit procedures in this circumstance. Further, I could not determine the effect on the other account balances or classes of transactions contained in the consolidated financial statements.

40. Consequently, I was unable to obtain sufficient appropriate audit evidence to satisfy myself as to the completeness and occurrence of the water distribution losses and therefore the completeness of revenue from exchange transactions and the accuracy and completeness of sewerage and sanitation and sale of water charges included in revenue from exchange transactions.

Trade receivables from exchange transactions

41. The municipality did not adequately recognise an allowance for doubtful debts in accordance with IAS 39 – *Financial Instruments: Recognition and Measurement*. The municipality had not classified groups of debtors according to similar credit risk characteristics when considering the impairment of debtors' balances.

42. As disclosed within note 6.1 – Trade receivables, the summary of debtors by customer classification total of R35.8 million (2011: R15.1 million) does not agree to the net receivables balance of R68.6 million (2011: R16.7 million).

43. Consequently, the allowance for impairment losses of R222.1 million (2011: R195.1 million), as disclosed in note 6.1 to the financial statements and debt impairment of R104.1 million (2011: R58.2 million), as disclosed in the consolidated statement of financial performance, are understated by R29.8 million.

Statement of changes in net assets

44. The statement of changes in net assets has not been appropriately presented as required in terms of GRAP 1 – *Presentation of financial statements* and GRAP 3 – *Accounting policies, changes in accounting estimates and errors*. The correction of prior period error amounting to R453.5 million (2011: R87.5 million) was not updated within the comparative figures within the consolidated financial statements and the municipality was unable to provide sufficient appropriate audit evidence to support these adjustments. Consequently, I was unable to determine whether these adjustments to the accumulated surplus figure and contra accounts of Trade receivables, Infrastructure, Property, plant and equipment, Intangible assets, Biological assets, Inventory, Cash and cash equivalents and Trade payables were necessary.

45. The municipality's records did not permit the application of alternate audit procedures. Furthermore, I could not determine the effect on the other account balances or classes of transactions contained in the consolidated financial statements.

46. Consequently, I was unable to obtain sufficient appropriate audit evidence to satisfy myself as to the existence, valuation and completeness of accumulated surplus and prior period error restatements as disclosed within note 35.

Cash flow statement

47. GRAP 2 - *Cash flow statements* requires that the financial statements present fairly the financial position, financial performance and cash flows of a municipality. Internal controls were not put in place to ensure that the financial statements are accurate.

48. Provision for impairment losses of R105.2 million for Trade and other receivables have not been appropriately included as a non cash movement. Further, movement within employee related accruals amounting to R1.7 million was included within both payments to suppliers and employee related payments within cash generated from operations disclosed in the Cashflow statement, and note 33 to the financial statements.

49. The impact of prior period errors as disclosed in note 35 have not been disclosed within the categories of the Cash flow statement. This adjustment is required as the corresponding figures have not been updated to reflect the adjustment within note 35 as required by GRAP 3 – *Accounting policies, changes in accounting estimates and errors*. Further, unsupported prior year adjustments amounting to R17.3 million have been included within payments to suppliers.

50. Reperformance of the consolidated Cash flow statement has identified inconsistencies in the classification of balances of R13.2 million between the subsidiary and group financial statements.

51. Consequently, I was unable to satisfy myself regarding the accuracy and completeness of the Cash flow statement and note 33 to the financial statements.

General Expenses and contracted services

52. General Expenses of R592.4 million (2011: R406.6 million) as disclosed within note 29 to the consolidated financial statements has been overstated by R39.0 million (2011: R34.2 million) as supporting documentation did not agree to amounts processed in the underlying records and amounts being incorrectly allocated within votes.

53. In addition, the accuracy of general expenses amounting to R14.1 million could not be verified as Department of Water Affairs invoices relating to water usage by the municipality did not contain meter readings to support the amounts billed. The municipality's records did not permit the application of alternate audit procedures in this circumstance.

54. General expenses contained journals amounting to at least R9.2 million to which the supporting information did not agree to the journal voucher or no sufficient appropriate audit evidence could be provided to verify the journal entries processed. The municipality's records did not permit the application of alternate audit procedures in this circumstance. Further, I could not determine the effect on the other account balances or classes of transactions contained in the consolidated financial statements.

55. Consequently, I was unable to satisfy myself regarding the occurrence, accuracy and classification of general expenses and contracted services.

Finance lease liability

56. Future minimum lease payments per commitment category of finance leases amounting to R1.9 million (2011: R740 217) had not been correctly disclosed within note 17 as required by GRAP 13 – *Leases*.

Irregular Expenditure

57. Section 125 of the MFMA requires the entity to disclose particulars of any material losses and any material irregular or fruitless and wasteful expenditure, including in the case of a municipality, any material unauthorised expenditure that occurred during the financial year, and whether these are recoverable. The municipality has made no disclosures of irregular expenditure as required.

58. Payments amounting to R50.4 million (2011: R321 million) were made in contravention of the supply chain management policy, not identified by management and was not included in a disclosure note for irregular expenditure within the financial statements. Due to the lack of systems and sufficient and appropriate audit evidence for all awards, it was impracticable to determine the full extent of the understatement of irregular expenditure.

59. In addition, sufficient appropriate audit evidence could not be obtained to satisfy myself that contracts to the value of R7.9 million were procured in accordance with legislative requirements and the supply chain management policy. The municipality's records did not permit the application of alternative audit procedures. Consequently, I was unable to satisfy myself as to the completeness of irregular expenditure.

60. Consequently, irregular expenditure has not been appropriately disclosed as required.

Unauthorised Expenditure

61. Section 125 of the MFMA requires the entity to disclose particulars of any material losses and any material irregular or fruitless and wasteful expenditure, including in the case of a municipality, any material unauthorised expenditure that occurred during the financial year, and whether these are recoverable. The municipality has made no disclosures of unauthorised expenditure as required.

62. Unauthorised expenditure amounting to R398.4 million has been indentified when comparing the final approved municipal budget against the actual expenditure as disclosed within the consolidated statement of financial performance.

63. Consequently, unauthorised expenditure has not been appropriately disclosed as required.

Fruitless and wasteful expenditure

64. Section 125 of the MFMA requires the entity to disclose particulars of any material losses and any material irregular or fruitless and wasteful expenditure, including in the case of a municipality, any material unauthorised expenditure that occurred during the financial year, and whether these are recoverable. The municipality has made no disclosures of fruitless and wasteful expenditure for the current and comparative year as required.

65. Consequently, fruitless and wasteful expenditure has not been appropriately disclosed as required.

Budget versus Actual

66. GRAP 1 - *Presentation of financial statements* requires that a full set of financial statements includes a comparison of budget and actual amounts either as a separate additional financial statement or as a budget column in the financial statements, when the entity makes its approved budget publicly available. The municipality's consolidated financial statements do not contain any such disclosure.

Water distribution losses

67. Section 125 of the MFMA requires the entity to disclose particulars of any material losses. The municipality's consolidated financial statements do not contain any such disclosure for current and comparative years.

Accounting policies

68. GRAP 1 – *Presentation of Financial Statements* requires that a summary of significant accounting policies be disclosed within the financial statements. The municipality had no accounting policy dealing with unspent conditional grant balances, related parties, contingent liabilities and municipal entities.

Other corresponding figures

69. The auditor's report for the year ended 30 June 2011 contained an adverse opinion on the consolidated financial statements. The matters which gave rise to the limitation, as described below, remain unresolved in the current year.

70. The municipality could not provide sufficient appropriate audit evidence regarding:
    - Infrastructure, property, plant and equipment of R3.9 billion as disclosed in note 10 to the financial statements;
    - Repairs and maintenance of R10.9 million as disclosed in the statement of financial performance;
    - General expenditure of R37.5 million as disclosed in the statement of financial performance;
    - Service charges of R106 million as disclosed in the statement of financial performance and note 18;
    - Gain on sale of assets of R2.2 million as disclosed in the statement of financial performance and note 30.

71. I was unable to confirm or verify these amounts by alternative means and as a result, could not confirm the existence, valuation, completeness or rights and obligations of the above mentioned amounts included in the corresponding figures.

Accumulation of uncorrected misstatements

72. The consolidated financial statements as a whole are materially misstated due to the cumulative effect of numerous individually immaterial uncorrected misstatements in the following elements making up the consolidatedstatement of financial position, the consolidatedstatement of financial performance and the notes to theconsolidated financial statements:

    - Trade and other payables reflected as R203.3 million (2011: R140.2 million) is understated by R4.8 million (2011: Understated by R2.3 million).
    - VAT Payable amounting to R6.6 million (2011: VAT Receivable R39.4 million) as disclosed within note 14 has been overstated by R9.3 million (2011: R3.3 million).
    - Contingent liabilities amounting to R19.0 million as disclosed within note 39 is overstated by R6.2 million.
    - Intangible assets amounting to R1.7 million for the comparative period as disclosed within note 9 of the consolidated financial statements has been overstated by R1.5 million.

73. In addition, we were unable to obtain sufficient appropriate audit evidence and we were unable to confirm or verify the following elements by alternative means.

    - Included within trade and other payables amounting to R203.3 million as reflected within note 13, balances amounting to R7.3 million could not be verified.
    - The existence and rights and obligations of Investment property reflected within note 12 could not be verified.

74. As a result, we were unable to determine whether any further adjustments to these elements were necessary.

Disclaimer of opinion

75. Because of the significance of the matters described in the Basis for disclaimer of opinion paragraphs, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, I do not express an opinion on these consolidated and separate financial statements.

Emphasis of matters

76. I draw attention to the matters below. My opinion is not further modified in respect of these matters.

Significant uncertainties

77. With reference to note 39 to the consolidated financial statements, the municipality and its municipal entity are the defendants in a number of lawsuits estimated at R19.0 million (2011: R17.7 million). The municipality and its municipal entity are opposing the claims. The ultimate outcome of the matters cannot presently be determined and no provision for any liability that may result has been made in theconsolidatedfinancial statements.

Restatement of corresponding figures

78. As disclosed in note 35 to the consolidated financial statements, the corresponding figures which relate to the year ended 30 June 2011 have been restated for errors discovered during the current financial year.

Material losses/Impairments

79. The municipality has made allowances for material impairments as disclosed in note 6.1 - Trade Receivables amounting to R222.1 million (2011: R195.1 million) and note 8 - Other receivables from exchange transactions amounting to R80.2 million (2011: R2.1 million) which are related to receivables that were not considered recoverable. This impairment is necessary due to poor collection practices and non-implementation of policies. No write-off of the impairment provisions have been made during the year.

Material underspending of the conditional grant

80. The municipality materially under spent on its conditional grants. As disclosed in note 21.2 to the consolidated financial statements, R344.0 million of the conditional grants remained unspent at 30 June 2012.

Subsequent events

81. As disclosed within note 41 unspent balances for the Municipal Infrastructure Grant (MIG) amounting to R322.7 million (2010/11: R33.6 million) and Rural Transport Services Grant amounting to R851 000 (2010/11: R900 000) have been recalled. At the time of signing the consolidated financial statements the final outcome of Treasury's decision on the matter was not known. Should the roll-over not be approved the cash and bank and unspent grant liability amounts reflected in the 2011/12 consolidated annual financial statements will be impacted.

Additional matters

82. I draw attention to the matters below. My opinion is not further modified in respect of these matters.

Unaudited supplementary schedules

83. The supplementary information set out on pages 48 to 49 do not form part of the consolidatedfinancial statements and is presented as additional information. We have not audited these schedules and, accordingly, we do not express an opinion thereon.

Possible Fraud

84. The numerous misstatements identified in the consolidatedand separate financial statements are indicative of possible fraud which calls into question the reliability of evidence obtained and the authenticity of the accounting records and documentation. But for the legislated requirement to perform the audit of municipality, I would have withdrawn from the engagement in terms of the ISAs.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

PAA REQUIREMENTS

85. In accordance with the PAA and the *General Notice* issued in terms thereof, I report the following findings relevant to performance against predetermined objectives, compliance with laws and regulations and internal control, but not for the purpose of expressing an opinion.

Predetermined objectives

86. I performed procedures to obtain evidence about the usefulness and reliability of the information in the annual performance report as set out on pages XX to XX of the annual report.

87. The reported performance against predetermined objectives was evaluated against the overall criteria of usefulness and reliability. The usefulness of information in the annual performance report relates to whether it is presented in accordance with the National Treasury annual reporting principles and whether the reported performance is consistent with the planned objectives. The usefulness of information further relates to whether indicators and targets are measurable (i.e. well defined, verifiable, specific, measurable and time bound) and relevantas required by the *National TreasuryFramework for managing programme performance information*.

    The reliability of the information in respect of the selected objectives is assessed to determine whether it adequately reflects the facts (i.e. whether it is valid, accurate and complete).

88. The material findings are as follows:

Usefulness of information

Presentation

Measures taken to improve performance not disclosed

89. Improvement measures in the annual performance report for a total of 28% of the planned targets not achieved were not disclosed as required by section 46 of the Municipal Systems Act (MSA). This was due to inadequate internal policies and procedures over the processes pertaining to the reporting of performance information.

Consistency

Reported objectives, indicators and targets not consistent with planned objectives

90. Section 41(c) of the MSA requires that the integrated development plan (IDP) should form the basis for the annual report, therefore requiring the consistency of objectives, indicators and targets between planning and reporting documents. A total of 29%, 16% and 64% of the reported objectives, indicators and targets respectively are not consistent with the objectives, indicators and targets as per the approved IDP. Further, 21% of objectives and 65% of indicators and targets included in the IDP were not reported in the annual report. This was due to a lack of, or limited, review and monitoring by management of the completeness of reporting documents.

Measurability

Performance indicators not well defined

91. The National Treasury Framework for managing programme performance information (FMPPI) requires that indicators/measures should have clear unambiguous data definitions so that data is collected consistently and is easy to understand and use. A total of 43% of the indicators were not well defined in that clear, unambiguous data definitions were not available to allow for data to be collected consistently. This was due to the fact that management was aware of the requirements of the FMPPI but did not receive the necessary training to enable application of the principles.

Reliability of information

Validity

Reported performance not valid

92. The FMPPI requires that processes and systems which produce the indicator should be verifiable. I was unable to obtain all the information and explanations I considered necessary to satisfy myself as to the validity of the actual reported performance relevant to 64% of selected objectives. This was due to limitations placed on the scope of my work due to the municipality's records not permitting the application of alternative audit procedures.

Accuracy

Reported performance not accurate

93. The FMPPI requires that the indicator be accurate enough for its intended use and respond to changes in the level of performance. I was unable to obtain all the information and explanations I considered necessary to satisfy myself as to the accuracy of the actual reported performance relevant to 64% of selected objectives. This was due to limitations placed on the scope of my work by the municipality's records not permitting the application of alternative audit procedures.

Completeness

Reported performance not complete

94. The FMPPI requires that documentation addressing the systems and processes for identifying, collecting, collating, verifying and storing information be properly maintained. I was unable to obtain all the information and explanations I considered necessary to satisfy myself as to the completeness of the actual reported performance relevant to 64% of selected objectives. This was due to limitations placed on the scope of my work by the municipality's records not permitting the application of alternative audit procedures.

Reported targets not supported by sufficient appropriate evidence

95. I was unable to obtain sufficient, appropriate audit evidence to satisfy myself as to the validity, accuracy and completeness of the actual performance reported in the annual performance report. This was due to a lack of an adequate document management system within the municipality.

Additional matter

96. I draw attention to the following matter below. This matter does not have an impact on the predetermined objectives audit findings reported above.

Achievement of planned targets

97. Of the total number of planned targets, only 29 were achieved during the year under review. This represents 55% of total planned targets that were not achieved during the year under review. This was mainly due to budgetary constraints and delays experienced in the procurement process.

Compliance with laws and regulations

98. I performed procedures to obtain evidence that the entity has complied with applicable laws and regulations regarding financial matters, financial management and other related matters. My findings on material non-compliance with specific matters in key applicable laws and regulations as set out in the *General Notice* issued in terms of the PAA are as follows:

Strategic planning and performance management

99. The municipal council did not consult with the local community in the drafting and implementation of the municipality's IDP, by means of a municipal wide structure for community participation, as required by section 28 of the MSA and Local Government: Municipal planning and performance management regulations 15(1)(a)(i).

100. The municipality did not conduct its affairs in a manner which was consistent with its integrated development plan, as required by section 36 of the MSA and Municipal planning and performance management regulation 6.

Budgets

101. Expenditure was incurred in excess of the limits of the amounts provided for in the votes of the approved budget, in contravention of section 15 of the MFMA.

102. Monthly budget statements were not submitted to the relevant provincial treasury, as required by section 71(1) of the MFMA.

Annual financial statements, performance and annual reports

103. The consolidated financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of the MFMA. Material misstatements identified by the auditors in the submitted consolidated financial statements were not adequately corrected and the supporting records could not be provided subsequently, which resulted in the consolidated financial statements receiving a disclaimer of opinion.

104. The annual performance report for the year under review does not include measures taken to improve performance, as required by section 46 (1)(c) of the MSA.

105. The annual performance report for the year under review does not include a comparison with the previous financial year, as required by section 46 (1)(b) of the MSA.

Audit committees

106. An audit committee was not in place, as required by section 166(1) of the MFMA for 5 months of the year under review.

107. The audit committee did not advise the council, political office bearers, accounting officer and management staff on matters relating to internal financial control and internal audits, risk management, accounting policies, effective governance and performance management as required by section 166(2)(a) of the MFMA.

108. The audit committee did not advise the council, political office bearers, accounting officer and management staff on matters relating to the adequacy, reliability and accuracy of financial reporting and information, as required by section 166(2)(a)(iv) of the MFMA.

109. The audit committee did not advise the council, political office bearers, accounting officer and management staff on matters relating to compliance with the MFMA, Division of Revenue Act (DoRA) and (other applicable legislation), as required by section 166(2)(a)(vii) of the MFMA.

110. The audit committee did not review the annual financial statements to provide the council with an authoritative and credible view of the financial position of the entity, its efficiency and effectiveness and its overall level of compliance with the MFMA, DoRA and (other applicable legislation), as required by section 166(2)(b) of the MFMA.

111. The audit committee did not respond to the council on the issues raised in the audit reports of the Auditor-General, as required by section 166(2)(c) of the MFMA.

112. The audit committee did not meet at least four times a year, as required by section 166(4)(b) of the MFMA.

113. A performance audit committee was not in place and the audit committee established in terms of MFMA section 166(1) was not used for this function, as required by Municipal Planning Performance Management Regulation 14(2)(a).

114. The performance audit committee did not meet at least twice during the financial year, as required by Municipal Planning Performance Management Regulation 14(3)(a).

115. The audit committee did not review the municipality's performance management system and make recommendations to the council, as required by Municipal Planning Performance Management Regulation 14(4)(a)(ii).

116. The audit committee did not review all the quarterly internal audit reports on performance measurement, as required by Municipal Planning Performance Management Regulation 14(4)(a)(i).

117. The audit committee did not submit, an audit report on the review of the performance management system to the council, as required by Municipal Planning Performance Management Regulation 14(4)(a)(iii).

Expenditure Management

118. Money owing by the municipality was not always paid within 30 days of receiving an invoice or statement, as required by sections 65(2)(e) and 99(2)(b) of the MFMA.

119. Payments were made without the approval of the accounting officer or a properly authorised official as required by section 11(1) of the MFMA.

120. An effective system of expenditure control, including procedures for the approval, authorisation, withdrawal and payment of funds, was not in place as required by sections 65(2)(a) of the MFMA.

121. An adequate management, accounting and information system was not in place which recognised expenditure when it was incurred and accounted for creditors, as required by sections 65(2)(b) of the MFMA.

122. The accounting officer did not take effective steps to prevent unauthorised expenditure and irregular expenditure, as required by section 62(1)(d) and section 95(d)of the MFMA.

123. Unauthorised and irregular expenditure was not recovered from the liable person, as required by section 32(2) of the MFMA.

124. The accounting office did not always report to the South African Police Service cases of alleged irregular expenditure that constituted a criminal offence, as required by section 32(6) of the MFMA.

Transfer of funds and/or conditional grants

125. The municipality did not submit quarterly performance reports to the transferring national officer, the relevant provincial treasury and the National Treasury, within 30 days after the end of each quarter, as required by section 12(2)(c) of the DoRA.

126. The municipality did not evaluate its performance in respect of programmes funded by the allocation and submit the evaluation to the transferring national officer within two months after the end of the financial year, as required by section 12(6) of the DoRA.

127. The allocation(s) for Expanded Public Works Programme (EPWP) were utilised for purposes other than those stipulated in the grant framework in contravention of section 15(1) of the DoRA.

128. Unspent conditional grant funds not committed to identifiable projects or not approved by the National Treasury for retention, were not surrendered to National Revenue Fund, as required by section 20(1) of the DoRA.

129. The municipality did not timeously submit project registration forms, for projects it intended implementing in the financial year under review, to the department of local government, as required by the Division of Revenue Grant Framework, Gazette No.34280.

130. The municipality did not submit project implementation plans to the national department (CoGTA), as required by the Division of Revenue Grant Framework, Gazette No.34280.

131. The municipality did not submitted, within 20 days after the end of each month, its monthly expenditure reports to the national department (CoGTA), as required by the Division of Revenue Grant Framework, Gazette No.34280.

132. The municipality did not submit MFMA implementation plans to National Treasury to address weaknesses in financial management, as required by the Division of Revenue Grant Framework, Gazette No.34280.

133. The municipality did not submit its signed activity plan and in the prescribed format to the national department (CoGTA), as required by the Division of Revenue Grant Framework, Gazette No.34280.

134. The municipality did not comply with the preparations for next financial year and 2013/14 financial year as required by section 26 of the DoRA in that: provincial allocations to be funded from the allocations for the next financial year and the 2013/14 financial year were not submitted to the national transferring officer.

135. The municipality did not comply with the requirements of the grant framework, as required by section 12(1) of the DoRA.

136. The municipality did not disclose in its financial statements the purpose and amount of grants received from public entities, as required by section 31 of the DoRA.

Revenue management

137. Revenue received was not always reconciled on a weekly basis, as required by section 64(2)(h) of the MFMA.

138. A credit control and debt collection policy was not implemented, as required by section 62(1)(f)(iii) of MFMA.

Asset management and liability management

139. An adequate management, accounting and information system which accounts for assets was not in place, as required by sections 63(2)(a) of the MFMA.

140. An effective system of internal control for assets (including an asset register) was not in place, as required by sections 63(2)(c) of the MFMA.

141. All investments were not made in accordance with the requirements of the investment policy, with the municipality investing more than 20% of its total council investment portfolio in one banking institution, as required by Municipal Investment Regulation 3(3).

142. A management, accounting and information system which adequately accounts for liabilities was not in place, as required by section 63(2)(a) of the MFMA.

143. Short-term debt was incurred without a resolution of the municipal council approving the debt agreement, in contravention of sections 45(2) of the MFMA.

144. Long-term debt was incurred without a resolution of the municipal council approving the debt agreement, in contravention of sections 46(2) of the MFMA.

Financial misconduct

145. All allegations of misconduct were not tabled before council, as required by Disciplinary Regulations for Senior Managers 5(2).

146. Disciplinary proceedings were not instituted by the council, where appropriate, after considering the reports of the investigators, as required by Disciplinary Regulations for Senior Managers 5(6).

147. All instances of financial misconduct were not reported to the South African Police, as required by section 62(1)(e) and Disciplinary Regulations for Senior Managers 8(4).

148. Disciplinary proceedings were not instituted against officials of the municipality, when investigations warranted such a step, as required by sections 171(4)(b) and 172(3)(b) of the MFMA.

Procurement and contract management

149. Sufficient appropriate audit evidence could not be obtained that goods and services with a transaction value of below R200 000 were procured by means of obtaining the required price quotations, as required by SCM regulation 17(a) & (c).

150. Quotations were accepted from prospective providers who are not registered on the list of accredited prospective providers and do not meet the listing requirements prescribed by the SCM policy in contravention of SCM regulation 16(b) and 17(b).

151. Sufficient appropriate audit evidence could not be obtained that goods and services of a transaction value above R500 000 were procured by means of inviting competitive bids and that deviations approved by the accounting officer were only if it was impractical to invite competitive bids, as required by SCM regulation 19(a) and 36(1).

152. Sufficient appropriate audit evidence could not be obtained that contracts were awarded to bidders based on points given for criteria that were stipulated in the original invitation for bidding, as required by SCM Regulations 21(b) and 28(1)(a) and Preferential Procurement Regulations.

153. Sufficient appropriate audit evidence could not be obtained that the preference point system was applied in all procurement of goods and services above R30 000 as required by section 2(a) of the Preferential Procurement Policy Framework Act and SCM regulation 28(1)(a).

154. Sufficient appropriate audit evidence could not be obtained that contracts and quotations were awarded to suppliers based on preference points that were allocated and calculated in accordance with the requirements of the Preferential Procurement Policy Framework Act and its regulations.

155. Sufficient appropriate audit evidence could not be obtained that contracts and quotations were awarded to bidders that scored the highest points in the evaluation process, as required by of section 2(1)(f) of Preferential Procurement Policy Framework Act.

156. Sufficient appropriate audit evidence could not be obtained that contracts were only extended or modified after tabling the reasons for the proposed amendment in the council of the municipality, as required by section 116(3) of the MFMA.

157. Sufficient appropriate audit evidence could not be obtained that all extension or modification to contracts were approved by a properly delegated official, as required by SCM Regulation 5.

158. The performance of contractors or providers was not monitored on a monthly basis, as required by section 116(2)(b) of the MFMA.

159. The contract performance and monitoring measures and methods were insufficient to ensure effective contract management, as required by section 116(2)(c) of the MFMA.

160. Sufficient appropriate audit evidence could not be obtained that construction contracts were awarded to contractors that were registered with the Construction Industry Development Board (CIDB) and qualified for the contract in accordance with section 18(1) of the CIDB Act and CIDB regulations 17 and 25(7A).

161. Sufficient appropriate audit evidence could not be obtained that contract and quotations were only awarded to providers whose tax matters have been declared by the South African Revenue Service to be in order as required by SCM regulation 43.

162. Sufficient appropriate audit evidence could not be obtained that contracts and quotations were awarded only to bidders who submitted a declaration on whether they are employed by the state or connected to any person employed by the state, as required by SCM regulation 13(c).

163. Awards were made to providers who are persons in the service of the municipality and whose directors/ principal shareholders are persons in service of the municipality in contravention of SCM regulations 44. Furthermore the provider failed to declare that he/she was in the service of the municipality/municipal entity, as required by SCM regulation 13(c).

164. Awards were made to providers who are persons in service of other state institutions or whose directors/ principal shareholders are persons in service of other state institutions, in contravention of SCM regulations 44. Similar awards were identified in the prior year and no effective steps were taken to prevent or combat the abuse of the SCM process in accordance with SCM regulation 38(1).

165. Persons in the service of the municipality who had a private or business interest in contracts awarded by the municipality failed to disclose such interest, as required by SCM regulation 46(2)(e).

166. Persons in service of the municipality whose close family members had a private or business interest in contracts awarded by the municipality failed to disclose such interest, as required by SCM regulation 46(2)(e).

167. SCM officials/ other SCM role players who or whose close family members/ partners/ associates had a private or business interest in contracts awarded by the municipality participated in the process relating to that contract, in contravention of SCM regulation 46(2)(f).

168. Allegations of improper conduct and failure to comply with the supply chain management system laid against officials in the SCM system were not investigated as required by SCM Regulation 38(1)(b).

169. Appropriate action was not taken against officials in the supply chain management system where investigations proved improper conduct and failure to comply with the supply chain management system, as required by SCM regulation 38(1)(b).

170. A list of accredited prospective providers was not in place for procuring goods and services through quotations as required by SCM regulation 14(1)(a).

171. The prospective providers list for procuring goods and services through quotations was not updated at least quarterly to include new suppliers that qualify for listing, and prospective providers were not invited to apply for such listing at least once a year as per the requirements of SCM regulation 14(1)(a)(ii) and 14(2).

Internal control

172. I considered internal control relevant to my audit of the financial statements, the annual performance report and compliance with laws and regulations. The matters reported below under the fundamentals of internal control are limited to the significant deficiencies that resulted in the basis for disclaimer of opinion, the findings on the annual performance report and the findings on compliance with laws and regulations included in this report.

Leadership

173. There has been no change in leadership as the Council remained consistent from the prior year. Notwithstanding the consistency in leadership, there was a lack of oversight and accountability, together with management's failure to respond to prior year internal and external audit findings, which has resulted in numerous repeat audit findings. Further, Council did not follow up on the prior year audit findings to ensure that these were addressed which contributed to the poor audit outcome.

174. The accounting officer and council have failed to ensure that the Human Resources unit manages the staffing requirements within the municipality through the appointment and retention of adequate and sufficiently skilled resources within an updated and approved operational organisational structure. As a result, the municipality does not appear to be sufficiently staffed in order to ensure the fair presentation of consolidatedfinancial statements and reporting on predetermined objectives and compliance with laws and regulations.

175. The municipality did not have adequate controls and processes in place to ensure compliance with applicable legislation. Further, there is inadequate oversight by senior officials to ensure that policies, procedures and controls are implemented correctly.

Financial and performance management

176. The municipality remains reliant on the use of consultants to perform financial administration and reporting functions that should be performed by the staff employed by the municipality. A poor control environment over financial reporting exists as extensive manual reconciliation of accounting records and supporting schedules is required at year end as these controls are not performed on a regular ongoing basis during the year. Further, there is a lack of segregation of duties as reliance is placed on a few key personnel to perform crucial functions. This has the impact of limiting supervision and monitoring.

177. Weaknesses were identified in the record keeping of the municipality in that recorded transactions do not always have adequate supporting documentation or the supporting documentation is not readily available. This was evidenced by twelve (12) non-submission letters being issued as the municipality was unable to provide the relevant supporting documentation for transactions within investment property, infrastructure assets, employee costs, inventory, operating expenditure, grant revenue and procurement as well as portfolios of evidence to support the audit of performance objectives.

178. The systems or processes for the preparation and reporting of the consolidated financial statements are not adequate or sufficient as the municipality has no formally adopted, and tailored, system or procedure manual which sets out processes to follow, controls in place, as well as responsible officials for the preparation, collation and reporting of the annual financial statements as there was no control to ensure the correct set of financial statements were provided for audit.

179. The systems or processes for the preparation and reporting of performance against predetermined objectives are not adequate or sufficient as the municipality has no formally adopted, and tailored, system or procedure manual which sets out processes to follow, controls in place, as well as responsible officials for the preparation, collation, reporting and monitoring of performance against predetermined objectives.

180. The annual financial statements provided for audit were not GRAP compliant as the Statement of Changes in Net Assets did not agree to the Statement of Financial Position and prior period error restatements have not been performed in line with the requirements of GRAP 3 – *Accounting policies, changes in accounting estimates and errors*. These financial statements were also subject to a number of material adjustments to achieve adequate presentation. However, a significant number of adjustments could not be made due to the non-availability of adequate supporting documentation.

Governance

181. Insufficient action was taken by the governance structures within the municipality during the year under review to ensure that risks relating to the monitoring and reporting of financial information as well as performance objectives were addressed. Management failed to implement the recommendations of the internal audit unit which resulted in external audit findings within the current year. This has contributed to repeat audit findings in a number of areas.

182. The audit committee members' term of office expired in February 2012 which created a significant weakness within the control environment and oversight function. Leadership failed to ensure that a new audit committee was appointed timeously as the new audit committee was only appointed in October 2012.

183. As there was no audit committee at year end, a full review of the consolidated and seperate financial statements was not performed before being submitted to the Auditor-General. Therefore significant misstatements and limitations, as well as non-compliance with laws and regulations,were not identified prior to being submitted for audit.

OTHER REPORTS

Investigations

184. A number of investigations are in progress. The investigations were initiated based on the allegations of possible conflicts of interest, irregularities in the awarding of bids, non compliance with the supply chain management policy and possible fraud.

Auditor-General.

East London

11 December 2012

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

CHAPTER 1: BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT

Strategic Objectives	KPI Ref. No	KPI	Baseline	Annual Target	Actual Performance	Reasons for Variation	Corrective Measures	Means of Verification	Responsible Department
1.1 To increase the number of households in the District that have affordable and potable water	1.1.1	Number of new households connected to RDP standards	15 000	9 500 households	1 268	Delays in approvals and awards	Integrated planning with the relevant sector departments, improvement of the supply chain processes, appointment of high capacity contractors	Completion Certificates	TECHNICAL SERVICES
	1.1.2	Water: Number of indigent households with access to free basic services.	158 525	15 000	13 268	Delays in approvals and awards	Integrated planning with the relevant sector departments, improvement of the supply chain processes, appointment of high capacity contractors	indigent register and water carting records	
	1.1.3	number of water schemes refurbished	22	32	47	The appointment of Amatola Water to refurbish water schemes has contributed in the achievement of the set target	Target achieved	O & M Plan	
1.2 To ensure a sustainable, reliable and affordable provision of sanitation services in the entire district (both urban and rural areas)	1.2.1	Number of sewer treatment / works pumps maintained to ensure functionality	80% sewer treatment works	Repair 5 sewer pump stations	80% (4 out of 5 pumps)	The electrical panel and electric cables are stolen at A-Station	Intensify the security and routine patrol around the pump station and installation of CCTV cameras	O & M Plan	
	1.2.2	Number of town sewer systems upgraded.	1	**5 PROJECTS** 1.Mqanduli Sewer 2.Mthatha WWTW 3.Tsolo Town Sewer 4.Flagstaff Town Sewer 5.Lusikisiki Town Sewer Implemented to 20%	Achieved for 4 towns. Mqanduli Sewer, Tsolo Sewer, Flagstaff Sewer, Lusikisiki Sewer. The delay is with the Mthatha WWTW	Consultant appointed late for Mthatha WWTW.	Consultant to submit design and advertise for tender	Final Design Approval Award Letters Handover Minutes	Technical services

Strategic Objectives	KPI Ref. No	KPI	Baseline	Annual Target	Actual Performance	Reasons for Variation	Corrective Measures	Means of Verification	Responsible Department
	1.2.5	Number of households that have access to basic level of sanitation (VIP toilets)	22 000	27 200	18 944 households	No variation	Target achieved	Award Letters Completion Certification Progress Reports	
1.3 To ensure full compliance with District Municipality's status as a WSA	1.3.1	Reviewed and updated Water Services Development Plan (WSDP)	Approved WSDP	Approved WSDP	Tender stage	Delays in award of tender	Improving the sitting of bid committees	Approved WSDP	Water services
	1.3.2	Number of water treatment works/ pumps that achieve the Blue Drop Status	45%	4 water treatment plants	none	Moratorium on the filling of vacant posts of process controllers	Filling of vacant posts and improvement of process contolling	Annual Blue Drop Assessment Report	
	1.3.3	Number of water treatment works/ pumps that achieve the Green Drop Status	45%	4 water treatment plants	none	The green Drop assessment will take place in September 2012, it was not done in 2011/12	Classification of sewer ponds, building of operator rooms, appointment of process controllers, fencing of ponds, development and implementation of the Water Risk Abatement Plan	Annual Blue Drop Assessment Report	
1.4 To increase the level of municipal readiness to respond to Emergency and Disaster situations in the district	1.4.1	Availability of a revised and fully implemented Emergency and Disaster Management Plan	Disaster Management policy Framework in place	Developed plan approved by Council and ready for implementation	No plan available Disaster Risk assessment completed	Not enough funds to develop a plan and demarcation changes prompting Framework changes.	This centre needs at least R3 million to develop a level 1 and 2 disaster plan for the district in line with O.R Tambo DRM Framework. Secondly this has to await the reviewal of the Disaster Framework due to demarcation changes.	Disaster Risk Implementation Plan	Community and social services
	1.4.2	Response rate to fire and disaster calls received	15-20 minutes in towns 1-2hr in the rural areas	15-10 minutes in towns 1hr – 30 minutes in rural areas	5- 40 min. urban areas (towns) 30 min - 2h20 min plus Therefore, partially achieved	Road conditions and shortage of vehicles curb accessibility to areas.	Decentralized fire services & acquiring of more vehicles to adequately service areas	OB/ Call Slips	
1.5 To facilitate the functioning of structures that contribute to crime prevention and reduction in the communities	1.5.1	Number of community policing forums and structures trained and aware of their roles in crime prevention and reduction	4	5 community policing forums established and trained	None	Budgetary constraints The SDBIP adjustment process was never finalised	Planned for 2012/13 financial year	CPF Training Report	
				5 local and District Safety Forums in Place	2 local safety forums, Nyandeni & KSD	Budgetary constraints, a total of R8000.00 was set aside for the whole of community safety programs. The SDBIP adjustment process was never finalised	Budget and activities balance-check	Progress Report & Functional Safety Forums	
				4 School safety forums in place and strengthened	1 school safety forum at KSD, Tamsanqa J.S.S.	Budget a challenge, the only achieved formulation was made possible by	Budget and activities balance-check	Progress Report & Functional Safety Forums	

Strategic Objectives	KPI Ref. No	KPI	Baseline	Annual Target	Actual Performance	Reasons for Variation	Corrective Measures	Means of Verification	Responsible Department
						linking the program with that of moral regeneration. The SDBIP adjustment process was never finalised			
				1 District and two local Sport against crime programmes conducted	None	No funds for the program The SDBIP adjustment process was never finalised	Budget and activities balance-check	Reports	
			25	25 patrollers trained in coastal and tourism safety	80 District Patrollers trained	A proposal by the(4) Coastal Municipalities stood at 20 patrollers per LM	None	Reports	
1.6 To facilitate the provision of housing for district citizens	1.6.1	Number of housing units built in the district.	887	1430 Housing Units	639 Housing Units complete	Projects on tender are still awaiting adjudication	Keep pursuing the SCM to award housing projects that are stuck in the evaluation process for over 6months	Happy letters	Housing
1.7 To provide municipal health care services as per relevant standards	1.7.1	Municipal health compliance index	new indicator	Promulgation of a by-law on municipal health standards	Daft Municipal Health Services by-law developed.	Focus was on devolution of Municipal Health Services and monitoring of services.	To expedite the process of by-law development a service provider will be engaged.	Council approved by-law	CSS
				Inspect 140 formal food premises in terms of R918	220 business premises (food handling premises) evaluated in the entire district.	None	Planned to evaluate a bigger number of food handling premises.	Reports	
				38 municipal health service officers devolved to DM following full transfer of EHPS	Not yet achieved	Service Level Agreement not yet signed by the Provincial Department of Health and District Municipality.	Pressurized the Department of Health to hasten the transfer process of Environmental Health Practitioners to the DM.	EHPS transfer report	
1.8 To support and coordinate community participation in Sports, Arts and Cultural activities	1.8.1	Number of programmes implemented to support (Clubs and associations) communities to have access to & participate in sport (ing) activities	120 clubs	134 clubs supported (10% increase)	Achieved Clubs from various sporting codes have been supported through staging of the sport activities. Codes range from Netball, football, Tennis, table tennis, Sport for the disabled.	None	None	Reports	CSS
	1.8.2	Number of programmes implemented to develop communities through Arts, Culture and heritage		1 Heritage Summit held	Heritage Summit not held	Heritage activities held in Ngquza and Mhlontlo Local municipalities	Heritage activities	Heritage Summit Document	
				6 Artists	Ten (10) artists were	None	None	Reports	

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Strategic Objectives	KPI Ref. No	KPI	Baseline	Annual Target	Actual Performance	Reasons for Variation	Corrective Measures	Means of Verification	Responsible Department
		activities		supported	supported during District Heritage Cultural Festival. Six artists were supported and were exposed to the national Arts festival. One cultural group was assisted with international exposure in Japan				
				Celebration/ commemoration of Mandela month, OR Tambo month and Ingquza hill massacre	O. R. Tambo month was celebrated with a developmental sport tournament that culminated to the winners representing the region in provincial SALGA games. Renovation of the Ingquza Hill massacre monument and the construction of the tombstones on 13 graves done	None	None	Reports and Photos	OEM CSS
				3 sports facilities transferred to communities	Sports facilities completed but not yet transferred to communities	Sites are still under construction	To be transferred during the first quarter of the next financial year	Handover reports	CSS
	1.8.3	Number of Community libraries that are equipped with library material and equipment	17	16	Partially achieved as 6 Libraries were supported KSD 1(Mqanduli-Mkhenkesi) Nyandeni 2 (Libode & Ngqeleni) Ingquza Hill 2 (Lusikisiki & Flagstaff)	The business plan was adjusted due to renovations of vandalized Mqanduli Library which was earmarked to host the World Book Day and also Mhlontlo Qumbu library which requested a roll over for major renovation.	Library grant business plan will be adjusted to meet the requirements.	Delivery confirmations	
1.9 To increase the participation of previously excluded population groups in accessing employment and empowerment opportunities	1.9.1	Number of programmes implemented to empower and also create jobs for the youth, women, disabled and children	New indicator	5 Women's Coops to be supported	5 Women's Cooperatives supported	No Variance	None	Quarterly reports	Office of the Executive Mayor
				2 Women Development Initiatives to be supported	6 Women Development Initiatives supported	Positive Variance		Attendance register Photos	
				1 Gender Machinery to be launched	Women Caucus was launched	Gender Machinery only operate at National and Provincial Level	Target has to be corrected to reflect women's caucus not gender machinery	DVD/ Photos	

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Strategic Objectives	KPI Ref. No	KPI	Baseline	Annual Target	Actual Performance	Reasons for Variation	Corrective Measures	Means of Verification	Responsible Department
				20% 3 Youth Cooperatives and Business Companies to be supported	3 Youth Cooperatives and Business Companies to be supported	No Variance	None	Database Photos	
				Sign Language Training to be done	30 staff members from the District Municipality and Local Municipalities were trained on Sign Language	No Variance	None	Attendance register Certificates	
1.10 Contribute to reduction and prevention of spread of HIV/AIDS and STI	1.10.1	Number of HIV/AIDS infected and affected indigent communities supported (including other communicable diseases, TB, etc.)	New indicator	720 Households benefitting from Home Based Care programme	2357 Households benefited from Home Based Care Programme	Positive Variance		Report Database/ reports	
				Provide support to 5 non medical HCT sites 5 HTA's, 9 clinics and 162 Support Groups	5 Non Medical HCT sites supported 5 HTA sites supported 6 clinics Supported 162 Support Groups Supported	No Variance 3 Other Clinics transferred to ANDM due to new demarcation No Variance	None To target clinics within the O.R. Tambo District Municipality New Boundaries	Report	
1.11 To ensure that service delivery priorities are aligned to a district wide long term spatial development trajectory	1.11.1	Alignment of district planning framework	New indicator	100% Review and alignment of LM SDF's with that of the DM	Adopted by council	None	None	Council Approved SDF	Planning and economic development
	1.11.2	% update of Ward Based Planning and Information System (WBPIS)	45%	**90%** review of the system as per the current demarcation **25%** increase in information captured in the WBPIS	90% review of system Target achieved 25% increase in information captured in the WBPIS Target achieved	None	None	Updated register	
				4 additional CBP's developed.	4 CBPs developed Target achieved	None	None	Signed Community based Plans	
1.12 To coordinate district wide coherent environmental management	1.12.1	Compliance with Environmental Management standards	100% developed IWMP & EMP	100% review of IWMP & EMP as per the new demarcation	IWMP & EMP reviewed and presented the council for approval.	Documents were noted by council subject to a workshop to councilors	A workshop for councilors to be conducted on the documents.	Council approved reviewed IWMP & EMP	

CHAPTER 2: LOCAL ECONOMIC DEVELOPMENT

Strategic Objectives	KPI Ref. No	KPI	Baseline	Annual Target	Actual Performance	Reasons for Variation	Corrective Measures	Means of Verification	Responsible Department
2.1 To contribute to reduction of unemployment by half in 2014 (which is the national target)	2.1.1	Number of jobs created through LED infrastructure projects	25	10	20 Agricultural related jobs created	None	None	Progress Report	Planning and Economic Development
	2.1.2	Number of work opportunities created in the identified sectors of Agriculture, Tourism, Forestry, Mining, Manufacturing, EPWP, MIG etc.	163 registered & 50 properly functional	40 additional co-operatives registered with 15 operational co-operatives	11 taxi cooperative registered 05 LED cooperatives registered. 57 Registered Co-operatives with 15 operational co-operatives	None	The registration on our database increases daily	Database of registered Cooperatives	
				Create 8833 jobs/ work opportunities through EPWP				Reports and minutes of all EPWP sectors	
	2.1.3	Number of people benefiting from skills development in the identified sectors		3 Tourism related cooperatives and supported	6 Arts and Craft cooperatives trained 2 community members trained on Arts and Craft Target achieved	None	None	Database of registered Cooperatives	
	2.1.4	Number of hectares ploughed on maize production program	2674ha	1250 ha of maize in massive food production programme	1616 ha ploughed	None (More farmers were absorbed in the programme).	None	Progress Report	
	2.1.5	Number of hectares ploughed on vegetable production	80 ha	50 ha under vegetable production	More than 50ha ploughed	None	None	Procurement Documentation	
	2.1.6	Improvement in registered enterprises and farms operations, sales, revenue from commission and productivity	New indicator	10% return on investment across all enterprises in adam kok farms	3 % achieved	Lack of investment	To do fund-raising for all enterprises	Farm performance report	
				25% return on commission in KFPM	Achieved	None	None	KFPM performance report	
				25% return on commission in Abattoir	20% Achieved	Equipment faulty, there was no slaughtering for three months	Requested budget to repair equipment	Abattoir performance report	

CHAPTER 3: MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT

Strategic Objectives	KPI Ref. No	KPI	Baseline	Annual Target	Actual Performance	Reasons for Variation	Corrective Measures	Means of Verification	Responsible Department
3.1 To ensure the development of policies and systems	3.1.1	Number of policies and manuals developed/ reviewed and adopted	0	Development of risk management plan	Not achieved (Plan awaiting feedback on risk register from Director: Internal Audit.	Awaiting for the approval of risk register for developing a risk management plan.	Follow up on approval of risks from the Director: Internal audit	Approved Risk Management Plans	Corporate affairs and all departments
				Reviewed PMS policy adopted by council	Not achieved	Late approval of the adjustment budget.	Prioritised for next financial year.	Council approval	COO
				Approval of HR policies	Partly achieved	Draft available. Awaiting workshop before approval by council.	Workshop and council approval	Approved HR Policies	ICTM
				Review of code of ethics and disciplinary procedure manuals for employees	Not achieved	Delay on the appointment of a service provider	Has been put under governance in the 2012/13 financial year	Approved Code of Conduct	
				Development of ICT Policy	Draft policy document on ICT Charter due for Policy conference	Convening of the Policy conference	For Portfolio Head: Policy to convene conference for adoption of policies	Approved ICT Policy	ICTM
				Approval of policy on functioning and support to traditional authorities	Not achieved	IGR Policy not yet approved which will set the basis for this policy.	Finalisation and adoption of the IGR policy.	Council resolution	COO
				Review of security policies	Revised Draft policy on Security Management done	Convening of the Policy conference	For Portfolio Head: Policy to convene conference for adoption of policies	Approved Security Policy	
3.2 To build capacity and enhance skills for communities, councilors and officials	3.2.1	Number employees trained as per WPSDP	New Indicator	840	630	N/A	N/A	Quarterly report	HR
	3.2.2	number of new learnerships supported/ learners enrolled with the DM	learners enrolled	5	Not achieved Awaiting feedback on DOI from the LGSETA	No approved Declaration of intent (DOI) from the LGSETA	N/A	Quarterly report	HR
					96 Learnership registered with Water Services	Achieved	None	Report	Water Services
					3 Ward Committee Training Programs in 4	None	None	Attendance Register	Office of the Speaker

Strategic Objectives	KPI Ref. No	KPI	Baseline	Annual Target	Actual Performance	Reasons for Variation	Corrective Measures	Means of Verification	Responsible Department
					Local Municipalities				
	3.2.3	Number of Councillors trained	100%	100%	4 Training programmes for 60 Councillors	None	None	Quarterly report	Office of the Speaker
	3.2.4	Number of communities training/ capacity building programmes implemented	5	Not achievement Awaiting feedback on DIO from the LGSETA	No approved Declaration of Intent (DOI) from the LGSETA	N/A	N/A	Quarterly report	HR
3.3 To implement a robust and fair performance management and service delivery monitoring system	3.3.1	Development and implementation of PMS at organisational, departmental and individual employee level	PMS implemented for senior management	Cascade PMS to Lower levels	Not achieved	Delays in the approval of the adjusted budget.	Deferred to the first quarter of the next financial year	Signed departmental performance plans Performance reports	Office of the COO
	3.3.2	Development and % Implementation of District M&E framework	50%	Approval of District programme of action	Not achieved	District Lekgotla was not held and therefore District Programme of Action was not developed.	District Programme of Action scheduled for first quarter of the next financial year.	Approved District Programme of Action	
				Rollout of Service delivery monitoring and reporting through operations centre	Partially achieved	There were a lot of errors in the data captured. Data verification and cleansing had to be done. Training sessions on the system to selected users has been done. Only Launch of the system has not yet been done.	DIMS Launch and reporting through the system to be done next financial year.	Launch Report DIMS Progress reports	
3.5 To ensure healthier and safe workplace environment and accountable labour relations	3.5.1	Improve compliance with OHS standards and procedures	New indicator	Clean and hygienic buildings and work facilities	60 %	Shortage of staff and inability of the Local Municipal to collect rubbish on a regular	Staff will be appointed and trained .local municipality will be persuaded to collect rubbish on a regular basis	Quarterly report	
	3.5.2	Attainment of organisational employment equity targets	New indicator	Approval of employment equity plan	Not achieved (Achievement depends on existence of EE Plan	Employment Equity Policy in place but due for reviewal. Employment Equity Plan is informed by EE Policy	Council approved EE Policy and Plan	EEP	

Strategic Objectives	KPI Ref. No	KPI	Baseline	Annual Target	Actual Performance	Reasons for Variation	Corrective Measures	Means of Verification	Responsible Department
	3.5.3	Response time to addressing/ resolving LLF issues/ disputes	New indicator	Address/ Resolve all LLF issues resolved within 3 months	Sitting of LLF meeting resolved the following:- Placement Job Evaluation Master list of advertised posts for BTO and others completed	Conversion of fixed term contracts to permanent contract awaiting consultation of affected employees Resolution of placement appeals Reviewal of Organisational Structure still outstanding N/A	Consultation of affected employees Sitting of Placements Appeals Committee as a matter of urgency Awaiting feedback on process plan for reviewal N/A	Quarterly report on LLF signed by LLF chairperson	Human Resources
3.6 To provide suitable technology and systems for coherent information, communication and records management	3.6.1	Development and implementation of master information systems plan	New Indicator	Approval of MISP by Council	Draft Master Information System Plan..	Unavailability of funds	Speed up the process	Approved MISP	Corporate Affairs: ICTM
		Implementation of document and records management	New Indicator	100% documents and records management	Documents and records management have improved. Registry infrastructure has been revamped. Scanner is in place and new computer linked to the bigger scanner procured. Only two departments have scanned their documents.	Departments do not make use of the scanner facility as expected. Lack of support by sister departments.	Communicate official notice on the availability of the scanner facility .seek departmental support on documents management	Quarterly Report and Registers	Corporate Affairs: ICTM
3.7 Credible Integrated Development Planning and Corporate Performance Monitoring	3.7.1	Approval of a credible IDP	100%	Council adoption of IDP, IDP framework and process plans	IDP Framework and Process Plan adopted on 26 August 5 year (2012 -17) IDP adopted on 30 June 2012	None	None	Road shows report Council approval on 5year IDP Council	COO
	3.7.2	Service delivery and performance monitoring	Quarterly and annual performance reports submitted	Approval of SDBIP Signing of performance agreements	Achieved 1 Annual Report 2010/11 4 Quarterly Reports Draft SDBIP and Performance Agreements by 30 June 2012.	None	None	Approved SDBIP and performance agreements	

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CHAPTER 4: FINANCIAL MANAGEMENT AND VIABILITY

Strategic Objectives	KPI Ref. No	KPI	Baseline	Annual Target	Actual Performance	Reasons for Variation	Corrective Measures	Means of Verification	Responsible Department
4.1 To ensure an increase in the municipal revenue	4.1.1	Rand value of revenue collected/ earned (excluding grants)		R96 million earned from VAT R14 million earned from water and sanitation	R99 Million R24,8 million earned from water and sanitation	Increase in the spending on the grant funding during the last quarter of the financial year. Im[lamentation of the credit control policy.		Financial Statements	Budget and Treasury office (BTO), Infrastructure
	4.1.2	Accurate billing of customers	New indicator	100% of metered households billed	All metered households consumers were billed except the RDP houses. RDP houses were averaged	The community residing in RDP houses have been refusing to be billed because they believe that they are indigent and the infrastructure & services in their areas are poor	Continuous engagement with relevant stakeholders will be made to encourage them to be registered in the indigent register	Copies of Billing records	BTO and ALL DEPARTMENTS
4.2 To improve budget expenditure on IDP priority projects	4.2.1	% expenditure on conditional grants	New indicator	100%(cumulative)	**52%**	Under spending on MIG is the major contributing factor		Section 52D reports	All Departments
	4.2.2	% of MIG funding spent		100 % (cumulative)	51%	Delays in procurement processes		Reports	Infrastructure
	4.2.3	% of municipal capex spent		90% (cumulative)	**47%**	MIG is a major factor in underspending of CAPEX	Improve in MIG spending	Reports	All departments
	4.2.4	% of operational budget actually spent		100%(Cumulative)	**99%**	Variance minimal		Section 52D reports	All departments
4.3 To increase SCM efficiency	4.3.1	Turnaround time to conclude procurement processes	6 months to award tenders	1 month after closing of the tenders 1 week for	2 to 3 months on the competitive bidding procurement.	The required period for adverts alone is one month and thereafter the committees sit to consider tenders.	Adherence to Council calendar	Quarterly reports	

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Strategic Objectives	KPI Ref. No	KPI	Baseline	Annual Target	Actual Performance	Reasons for Variation	Corrective Measures	Means of Verification	Responsible Department
			2 weeks for quotations	quotations	Not Achieved	Sometimes it is difficult for committees to sit regularly due to other commitments Reluctance, indecisiveness and delays by HOD's to sign off requisitions thereby leading to delays and pressures put on the SCM unit to conclude the process	Proper planning by departments of events and decisiveness in taking decisions by HOD's		
		Reduce time taken to pay invoices	New indicator	30 days payments to invoices	30 days payments to invoices	Most invoices are paid within 30 days on receipt by BTO department but there are few that do not meet the deadline.	Some few invoices are not paid within 30 days due to invoices not submitted to BTO department, invoices with queries that are not attended by the responsible people.	All invoices to be submitted to registry office, no department should receive invoice on behalf of municipality.	BTO
4.5 To improve compliance to National mandates on financial planning reporting and preparation of AFS	4.5.1	Number of previous years audit queries on financial management and controls addressed	50%	All previous years audit queries addressed	All previous years audit queries addressed	Audit queries with a material financial impact have largely been addressed.	None	Progress report	ALL Departments
	4.5.2	Type of audit report received due to implementation of financial reforms and controls	Qualified Opinion in 2009-10	Unqualified with matters of emphasis	Audit of the 2011/2012 financial year is still going to be conducted.	Not applicable	Not applicable	Unqualified Report	ALL Departments

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CHAPTER 5: GOOD GOVERNANCE AND PUBLIC PARTICIPATION

Strategic Objectives	KPI Ref. No	KPI	Baseline	Annual Target	Actual Performance	Reasons for Variation	Corrective Measures	Means of Verification	Responsible Department
5.1 Ensure Effective functioning of council and council structures	5.1.1	Approved of council calendar and compliance thereto		100 % : full compliance with approved council calendar as far as council meeting & section 79 committees	Council Calendar approved	None	None	Council Resolution	Council and Council Committees
					3 Ordinary and 10 Special Council Meetings held	None	None	Council minutes	
					Installation of a Transcribing Device in Council Chambers	None	None	Council minutes	
					Updated Council Resolutions Register	None	None	Minutes	
5.2 Improve functioning of oversight structures, systems and processes	5.2.1	% Establishment of section 79 & 80 committees of council including MPAC and other statutorily prescribed and adhoc committees that report to council	100%	100%	Establishment of 3 Section 79 Committees: MPAC; Ethics and Members Interest; and Rules Committee	None	None	Minutes	Council & Committees Section
					Adoption of Section 79 Terms of Reference by Council	None	None		
					21 Sittings of Section 79 Committees	None	None		
					Adoption of 2010/11 Oversight and Annual Report	None	None		
	5.2.2	Adoption, implementation and monitoring adherence to the code of conduct for councilors	New indicator	100%	Development and Adoption of Councillor Code of Conduct	None	None	Council Resolution	
					Development and adoption of Disclosure Policy for Councillors and Officials	None	None		
					60 Councillors and 12 Traditional Leaders have declared their financial interest	None	None		
					Reviewal and Adoption of Policy on Councillors and Traditional Leaders' Welfare	None	None		
	5.2.3	No of audit committee reports tabled to Council.	4	4	Not achieved.	The audit committee was operational for part of the financial year.		4 Audit committee Reports	Internal Audit
5.3 Ensure sound ethical culture practice in the organization and among all individuals	5.3.1	Development and implementation of code of ethics for employees	New indicator	100%	Not achieved	Delay on the appointment of a service provider.	Expedite the appointment of the service provider.	Approved Code of Ethics	HR
5.4 Improve audit environment and risk management	5.4.1	Review/ update and implementation of risk	New Indicator	100%. Full implementation of the approved Risk	Partially achieved. Risk management implementation plan was prepared. Risk	Budget and Treasury was not assessed because they were	During the first quarter of the 12/13 financial year internal audit unit will be	Copies of reports submitted to municipal	Internal Audit

Strategic Objectives	KPI Ref. No	KPI	Baseline	Annual Target	Actual Performance	Reasons for Variation	Corrective Measures	Means of Verification	Responsible Department
		management plan		Management Plan	assessment was done in certain departments.	busy held up in other commitments when risk assessment was conducted.	facilitating the review of the risk profiles and all departments will be covered.	manager and audit committee	
	5.4.2	Implementation of action plans prepared to address issues raised by both internal and external auditors	New Indicator	100%	Achieved. All issues that relate to the internal audit unit were addressed in full.	Not applicable	Not applicable	Copies of reports submitted to management and audit committee.	Internal Audit/ ALL departments
5.5 Improve internal and external communication	5.5.1	Review of communication strategy to ensure increased awareness on district roles by both internal and external role players	50%	Communication Strategy approved by Council	Draft Communication Strategy Developed and awaiting Policy Workshop and Council Approval	Workshopping was done to the previous Council but has to be done for the new Council	Ensure submission to policy workshop and Council Approval	Approved communication strategy	Office of the Executive Mayor
5.6 Ensure effective IGR environment and support to Local Municipalities	5.6.1	Number of service delivery queries resolved or attended to.		All received Presidential hotline queries attended to.	Achieved	None	None	Progress Reports	COO
	5.6.2	Functionality of all IGR structures	85%	100% All IGR forums established and meet as per council calendar Review of district IGR Policy	Partially achieved	Draft IGR Policy in place, however it has not been workshopped as there was an undertaking that a policy workshop should be preceded by a political IGR Launch. This was held in the last quarter of the year.	Policy workshop deferred to next financial year.	Minutes and Reports	
	5.6.3	Number of DM support programmes to the LMs implemented		Coordination of all support programmes implemented by the DM	Not achieved	IGR Policy needs to be finalized before this target can be achieved.	Prioritized for next financial year.	Approved plan	
5.7 To provide appropriate legal services	5.7.1	Number of litigation cases concluded/ settled out of court	4	8	Achieved	N/A	N/A	Court Orders	Corporate Affairs cluster: Legal Services
	5.7.2	Number of litigation cases concluded in favour of the DM	4	8	Achieved	N/A	N/A	Court Orders	

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ANNEXES

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ANNEXURE A – COUNCILLORS: COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE

COUNCILLORS, COMMITTEES ALLOCATED AND COUNCIL ATTENDANCE						
No.	**COUNCIL MEMBERS**	**FULLTIME\PARTTIME**	**COMMITTEES ALLOCATED**	**PARTY_NAME**	**PECENTAGE COUNCIL MEETINGS ATTENDANCE**	**PERCENTAGE APOLOGIES FOR NON ATTENDANCE**
1	Betele S.	PART TIME	ETHICS & MEMBERS INTEREST COMMITTEE COMMUNITY LAISON, RESEARCH & HERITAGE	UDM	92	100
2	Bunzana M.	PART TIME	MPAC FINANCE & ECONOMIC DEVELOPMENT	UDM	92	100
3	Capa N. Y.	PART TIME	MPAC SOCIAL DEVELOPMENT & SPECIAL PROGRAMMES	ANC	69	100
4	Dambuza M.B.	FULL TIME	ETHICS & MEMBERS INTEREST COMMITTEE SOCIA DEVELOPMENT & SPECIAL PROGRAMMES	ANC	92	100
5	Dangala V.	PART TIME	RULES COMMITTEE HUMAN SETTLEMENT & INFRASTRUCTURE	UDM	92	0
6	Dawedi A.M.	PART TIME	FINANCE & ECONOMIC DEVELOPMENT	ANC	100	N/A
7	Dudumayo R.B.	FULL TIME	MPAC FINANCE & ECONOMIC DEVELOPMENT	UDM	92	0
8	Dyule N.W.	FULL TIME	FINANCE & ECONOMIC DEVELOPMENT COMMUNITY LAISON, RESEARCH & HERITAGE	ANC	92	100
9	Gogo M.	PART TIME	MPAC SOCIAL DEVELOPMENT & SPECIAL PROGRAMMES	COPE	77	66
10	Gwadiso V.O.	PART TIME	ETHICS & MEMBERS INTEREST COMMITTEE HUMAN RESOURCES & PUBLIC TRANSPORT	ANC	100	N/A
11	Hibhane Z.	PART TIME	RULES COMMITTEE COMMUNTY LAISON, RESEARCH & HERITAGE	ANC	85	50

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COUNCILLORS, COMMITTEES ALLOCATED AND COUNCIL ATTENDANCE						
No.	**COUNCIL MEMBERS**	**FULLTIME\PARTTIME**	**COMMITTEES ALLOCATED**	**PARTY_NAME**	**PECENTAGE COUNCIL MEETINGS ATTENDANCE**	**PERCENTAGE APOLOGIES FOR NON ATTENDANCE**
12	Khotsholo B.	PART TIME	RULES COMMITTEE COMMUNITY LAISON, RESEARCH & HERITAGE SOCIAL DEVELOPMENT & SPECIAL PROGRAMMES	ANC	77	100
13	Khupelo T.E.	PART TIME	HUMAN SETTLEMENT & INFRASTRUCTURE	ANC	85	100
14	Kotana M.P.J.	PART TIME	ETHICS & MEMBERS INTEREST COMMITTEE MPAC FINANCE & ECONOMIC DEVELOPMENT	DA	85	100
15	Magaya F. A.	PART TIME	HUMAN SETTLEMENT & INFRASTRUCTURE	ANC	54	16
16	Makhedama M.	PART TIME	RULES COMMITTEE COMMUNTY LAISON, RESEARCH & HERITAGE	ANC	85	50
17	Malangeni Z.L.	PART TIME	ETHICS & MEMBERS INTEREST COMMITTEE FINANCE & ECONOMIC DEVELOPMENT	ANC	100	N/A
18	Mambila L.N.	**FULL TIME**	SOCIAL DEVELOPMENT & SPECIAL PROGRAMMES HUMAN SETTLEMENT & INFRASTRUCTURE	ANC	92	0
19	Mamve N.N.	PART TIME	COMMUNITY LAISON, RESEARCH & HERITAGE	ANC	85	50
20	Mandita K.D.	PART TIME	MPAC HUMAN SETTLEMENT & INFRASTRUCTURE	ANC	92	100
21	Maqabuka Z.V.	PART TIME	ETHICS & MEMBERS INTEREST COMMITTEE FINANCE & ECONOMIC DEVELOPMENT	COPE	54	66
22	Mathe M.S.	PART TIME	HUMAN SETTLEMENT & INFRASTRUCTURE	ANC	92	0
23	Matomane N.R.	PART TIME	RULES COMMITTEE HUMAN RESOURCE & PUBLIC TRANSPORT	ANC	80	100
24	Mazuza C.S.	PART TIME	ETHICS & MEMBERS INTEREST COMMITTEE HUMAN RESOURCES & PUBLIC TRANSPORT	ANC	85	50
25	Mbede B.	FULL TIME	HUMAN RESOURCE & PUBLIC TRANSPORT HUMAN SETTLEMENT & INFRASTUCTURE	ANC	85	100

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COUNCILLORS, COMMITTEES ALLOCATED AND COUNCIL ATTENDANCE						
No.	**COUNCIL MEMBERS**	**FULLTIME\PARTTIME**	**COMMITTEES ALLOCATED**	**PARTY_NAME**	**PECENTAGE COUNCIL MEETINGS ATTENDANCE**	**PERCENTAGE APOLOGIES FOR NON ATTENDANCE**
26	Mbotshwa N.	PART TIME	MPAC HUMAN RESOURCE & PUBLIC TRANSPORT	ANC	85	100
27	Meth N.	FULL TIME	RULES COMMITTEE	ANC	92	100
28	Mlamli S.	FULL TIME	FINANCE & ECONOMIC DEVELOPMENT COMMUNITY LAISON, RESEARCH & HERITAGE	ANC	85	50
29	Mgugudo N.O.	PART TIME	SOCIAL DEVELOPMENT & SPECIAL PROGRAMMES HUMAN RESOURCE & PUBLIC TRANSPORT	ANC	80	100
30	Mnvanyashe M.N.	PART TIME	MPAC SOCIAL DEVELOPMENT & SPECIAL PROGRAMMES	ANC	92	0
31	Mnyanda V.	PART TIME	ETHICS & MEMBERS INTEREST COMMITTEE COMMUNITY LAISON, RESEARCH & HERITAGE HUMAN SETTLEMENT & INFRASTRUCTURE	ANC	100	N/A
32	Mpemnyama N.	PART TIME	ETHICS & MEMBERS INTEREST COMMITTEE COMMUNITY LAISON, RESEARCH & HERITAGE	ANC	85	0
33	Mtwa M.	PART TIME	SOCIAL DEVELOPMENT & SPECIAL PROGRAMMES	ANC	85	100
34	Mvamveki R.N.	PART TIME	HUMAN SETTLEMENT & INFRASTRUCTURE	ANC	85	50
35	Myolwa D.J.	FULL TIME		ANC	92	100
36	Mziba L.	PART TIME	MPAC FINANCE & ECONOMIC DEVELOPMENT	ANC	92	100
37	Ndlela N.A.	PART TIME	HUMAN SETTLEMENT & INFRASTRUCTURE	ANC	100	N/A
38	Ndlobongela B.	PART TIME	HUMAN SETTLEMENT & INFRASTRUCTURE	UDM	92	0
39	Ndude L.M.	PART TIME	SOCIAL DEVELOPMENT & SPECIAL PROGRAMMES	UDM	85	50
40	Ndzwayiba M.W.	PART TIME	RULES COMMITTEE HUMAN SETTLEMENT & INFRASTRUCTURE	COPE	62	50
41	Nelani N.	PART TIME	SOCIAL DEVELOPMENT & SPECIAL PROGRAMMES	ANC	100	N/A
42	Ngabayena M.	PART TIME	HUMAN RESOURCE & PUBLIC TRANSPORT	ANC	100	N/A
43	Ngozi W.	FULL TIME	COMMUNITY LAISON, RESEARCH & HERITAGE	ANC	100	N/A

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COUNCILLORS, COMMITTEES ALLOCATED AND COUNCIL ATTENDANCE						
No.	**COUNCIL MEMBERS**	**FULLTIME\PARTTIME**	**COMMITTEES ALLOCATED**	**PARTY_NAME**	**PECENTAGE COUNCIL MEETINGS ATTENDANCE**	**PERCENTAGE APOLOGIES FOR NON ATTENDANCE**
44	Njemla S.N.	PART TIME	RULES COMMITTEE HUMAN SETTLEMENT & INFRASTRUCTURE	ANC	100	N/A
45	Nkani B.J.	FULL TIME	HUMAN RESOURCE & PUBLIC TRANSPORT SOCIAL DEVELOPMENT & SPECIAL PROGRAMMES	ANC	69	75
46	Nkungu M. I.	PART TIME	COMMUNITY LAISON, RESEARCH & HERITAGE	ANC	62	20
47	Nogumla R.Z.	FULL TIME	FINANCE & ECONOMIC DEVELOPMENT	ANC	100	N/A
48	Ntobongwana N.	FULL TIME	Chief Whip	ANC	92	100
49	Ntshoyi N. P.	PART TIME	ETHICS & MEMBERS INTEREST COMMITTEE HUMAN RESOURCES & PUBLIC TRANSPORT	ANC	92	100
50	Ntshuba V.W.	PART TIME	RULES COMMITTEE FINANCE & ECONOMIC DEVELOPMENT	ANC	100	N/A
51	Pepping P.N.	PART TIME	MPAC SOCIAL DEVELOPMENT & SPECIAL PROGRAMMES	ANC	92	100
52	Ruleni S.	PART TIME	SOCIAL DEVELOPMENT & SPECIAL PROGRAMMES	ANC	77	100
53	Sigcau M.	PART TIME	COMMUNITY LAISON, RESEARCH & HERITAGE	ANC	92	100
54	Sikhonkothela N.	PART TIME	HUMAN RESOURCE & PUBLIC TRANSPORT	ANC	100	N/A
55	Socikwa M.C.	FULL TIME	HUMAN SETTLEMENT & INFRASTRUCTURE	ANC	77	67
56	Soguntuza N.	FULL TIME	SOCIAL DEVELOPMENT & SPECIAL PROGRAMMES	ANC	54	50
57	Thiyeka N.	PART TIME	ETHICS & MEMBERS INTEREST COMMITTEE HUMAN RESOURCES & PUBLIC TRANSPORT	ANC	100	N/A
58	Thwatshuka D.	PART TIME	HUMAN RESOURCE & PUBLIC TRANSPORT	ANC	92	100
59	Xangayi C.T.	PART TIME	RULES COMMITTEE HUMAN RESOURCE & PUBLIC TRANSPORT	DA	85	0
60	Zweni R.M.	PART TIME	FINANCE & ECONOMIC DEVELOPMENT	ANC	92	100

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TRADITIONAL LEADERS						
No.	**COUNCIL MEMBERS**	**FULLTIME\PARTTIME**	**COMMITTEES ALLOCATED**	**PARTY_NAME**	**PECENTAGE COUNCIL MEETINGS ATTENDANCE**	**PERCENTAGE APOLOGIES FOR NON ATTENDANCE**
61	Chf Cebiso L.	PART TIME	RULES COMMITTEE COMMUNTY LAISON, RESEARCH & HERITAGE	N/A	100	N/A
62	Chf Dudumayo M.	PART TIME	MPAC FINANCE & ECONOMIC DEVELOPMENT	N/A	100	N/A
63	Chf Groom J.J.	PART TIME	ETHICS & MEMBERS INTEREST COMMITTEE HUMAN RESOURCES & PUBLIC TRANSPORT	N/A	100	N/A
64	Chf Mafuna S.	PART TIME	RULES COMMITTEE HUMAN SETTLEMENT & INFRASTRUCTURE	N/A	100	N/A
65	Chf Mdutshane G.	PART TIME	MPAC FINANCE & ECONOMIC DEVELOPMENT	N/A	100	N/A
66	Chf Meji N.	PART TIME	MPAC SOCIAL DEVELOPMENT & SPECIAL PROGRAMMES	N/A	100	N/A
67	Chf Mjoji P.	PART TIME	ETHICS & MEMBERS INTEREST COMMITTEE COMMUNITY LAISON, RESEARCH & HERITAGE	N/A	100	N/A
68	Chf Mtirara B. P.	PART TIME	RULES COMMITTEE SOCIAL DEVELOPMENT & SPECIAL PROGRAMMES	N/A	100	N/A
69	Chf Mtirara M.	PART TIME	MPAC HUMAN SETTLEMENT & INFRASTRUCTURE	N/A	100	N/A
70	Chf Ndabeni V.	PART TIME	RULES COMMITTEE HUMAN SETTLEMENT & INFRASTRUCTURE	N/A	100	N/A
71	Chf Ndamase N.	PART TIME	ETHICS & MEMBERS INTEREST COMMITTEE HUMAN RESOURCES & PUBLIC TRANSPORT	N/A	100	N/A
72	Chf Tyali G.	PART TIME	ETHICS & MEMBERS INTEREST COMMITTEE COMMUNITY LAISON, RESEARCH & HERITAGE	N/A	100	N/A

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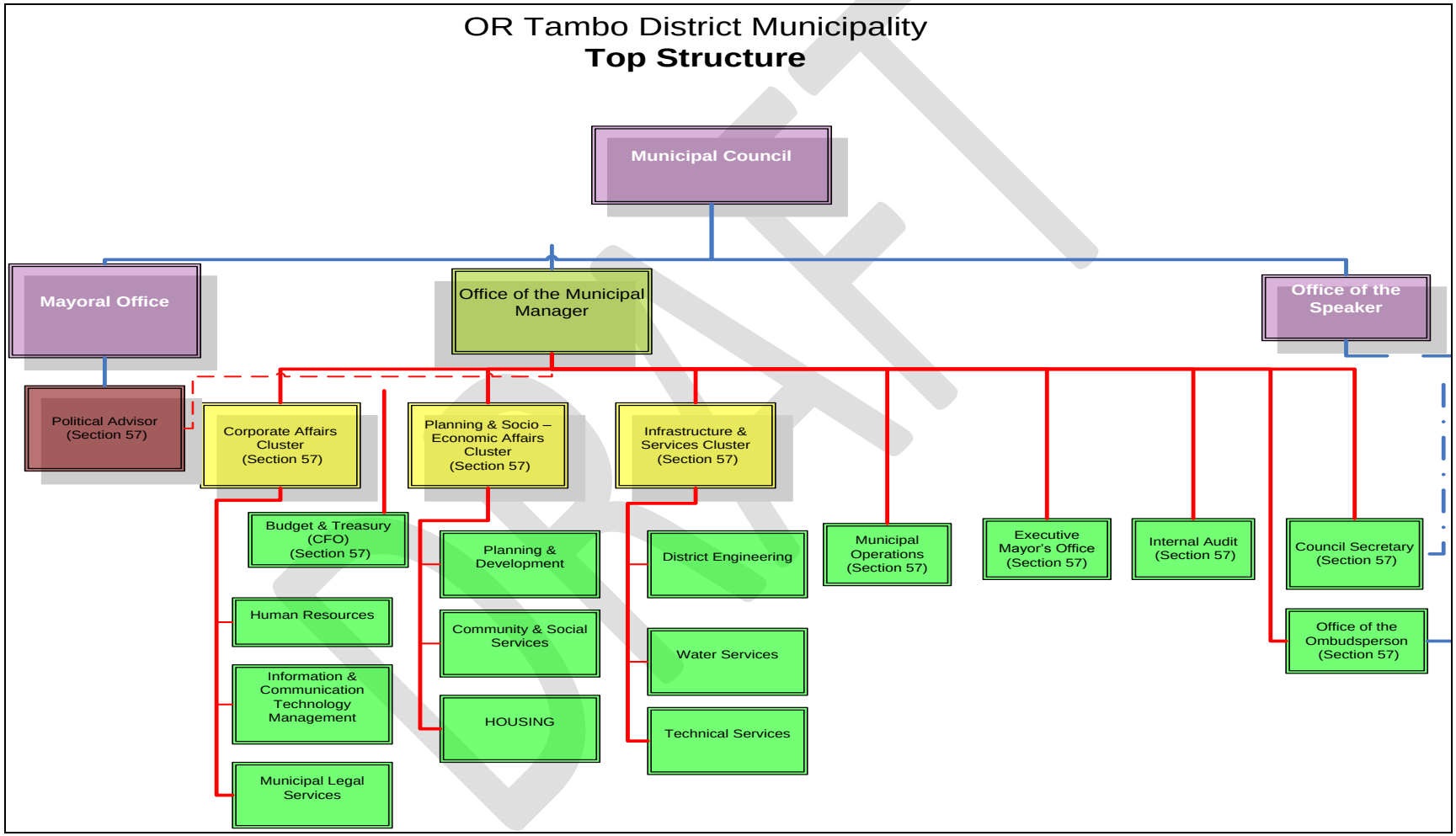
ANNEXURE B – COMMITTEES AND COMMITTEE PURPOSES

COMMITTEES AND PURPOSES OF COMMITTEES

NAME OF SECTION 79 COMMITTEE	PURPOSE
1.Municipal Public Accounts Committee (MPAC)	• Assists council to hold the executive and municipal agencies to account, and to ensure effective & efficient use of municipal resources. • Provision of political oversight to financial management and accounts by perusing the annual report and compiles an oversight report on the annual report of the previous financial year. • Exercises oversight on behalf of the council • Assists to increase council and public awareness of financial and performance related matters, policy operation etc. • Unlike the Oversight Committee, it is not limited to the Annual Report, but should report to council at least quarterly or when necessary
2. Ethics and Members Interest Committee	• Responsible for councillor welfare • Ensuring declarations of the financial interest by councillors • Ensuring compilation of the Register of Financial Interest on an annual basis • Considering any alleged breaches of the Code of Conduct by councillors
3. Rules Committee	• Developing and approving rules for proceedings • Determining focus areas in respect of councillors' responsibilities • Allocation of membership to the various committees

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ANNEXURE C – THIRD TIER ADMINISTRATIVE STRUCTURE



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ANNEXURE D – NTINGA O.R. Tambo District Municipality Development Agency Performance Report

NTINGA O.R. TAMBO DEVELOPMENT AGENCY



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DRAFT ANNUAL REPORT

2011/12

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CHAPTER 1:

INTRODUCTION & OVERVIEW

1.1 Foreword by Executive Mayor

As mentioned in my inauguration speech, Ntinga is a necessary entity but which needs refocusing towards self sustainability to ensure that value-adding is realized by the parent municipality. Our common goal as the municipality is to bring tangible and sustainable service delivery to the communities of O.R. Tambo District.

Ntinga is a special purpose vehicle established to implement strategic LED projects and programmes of the district municipality. Since these projects and programmes are sanctioned by the municipality, they are to be rooted in its Integrated Development Plan (IDP) with clear and measurable objectives and indicators. For this to happen Ntinga must be relieved of small non–strategic projects that will never realise any impact for our communities. It is our intention as the municipality to assist the entity to mobilise additional funding elsewhere to realise this important vision.

In this financial year under review we have started to conscientise every key stakeholder on the need for Ntinga to reposition and re–engineer towards an efficient, effective and economic conscious entity. In the next financial year we intend to start implementing this vision using Organisational Development process as a tool for change. This might shake and change some of Ntinga processes, making some of Ntinga employees a bit uncomfortable. While we will try to minimise this, it is a fact that any change is never welcome by those to be changed, but let us all know that “no pain, no gain”.

I earnestly hope that the next financial year will be full of action which will produce a product that we will all be proud of. Our communities out there are losing patience and they would like to experience the “promised land”, which is the BETTER LIFE FOR ALL.

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D.J. Myolwa

Executive Mayor

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1.2 Overview by Board Chairperson

In the year under review Ntinga is almost nine years old since its establishment, and that alone means that expectations are high from all our key stakeholders. In view of the decision of the parent municipality to allow the entity to continue with its operations, it means Ntinga have to do things better so that the potential seen by the municipality is actually realised. We cannot afford to disappoint our communities which some of them have lost hope in government and are now resorting to service delivery protests that sometimes tend to be violent.

The process of repositioning and re–engineering of Ntinga has started and will be intensified in the next financial. This process would have not come at a better time than this; the time when national government has introduced a rural development programme. Ntinga should be a link to these initiatives and ensure that a sizeable budget is able to land to this part of our country. It does not help much to continue complaining about poverty and yet we do little to address it.

The Board of Directors continues to play its oversight role to ensure that good governance is the order of the day. This is done with the full support of the executive and the whole team which is what shape Ntinga to what it is. Resource mobilisation is becoming a key strategic focus area at Ntinga and this is what will address the going concern issues raised by the Auditor General.

On behalf of the Board of Directors I am happy to announce that Ntinga is improving in every aspect of its operations which is very encouraging to the shareholder. This is a process we want to encourage and continue with it. Both our committees (Audit, Risk and Corporate Governance Committee and Human Resource and Remuneration Committee) has done exceptionally well this year despite few resignations.

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Dr. P.P. Dyantyi

Chairperson of Board of Directors

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1.3 Overview by Chief Executive Officer

Since September 2002, Ntinga has made momentous changes in providing rural development in this poor region. We have been successful in some areas and there were challenges in others. We learn as we go and there is not time to stop because our communities have trust in us. Part of our changes is to position Ntinga to be a regional development agency that adds value to all its key stakeholders. It is also important that we are not an agent but an agency in order to add the necessary value to the parent municipality.

It is clear that the niche of Ntinga, which define its existence, is agriculture. This is due to the rural nature of our region. Agriculture as a sector normally settle well where agro–processing is introduced. Also non–agricultural activities blend well with agriculture towards sustainability. This assists to address the challenge of underfunded agricultural sector and its risky nature. Primary agriculture alone is not a solution. It is for this reason that you will notice that through partnership Ntinga is facilitating other areas that are new to Ntinga operations. With Kei Fresh Produce Market (KFPM) we have ventured into potato wash and in the next year we would like to introduce meat market linked to our abattoir.

Crop production remains key in what we are doing but we would like to go beyond that and venture into grain storage and processing, linking our vegetable growers with the market, introducing the small scale farmers to the farmers support programme of KFPM. We are currently managing the six farms (Adam Kok Farms) of the parent municipality and a process is going to be developed to ensure that the farmers run optimally and are able to generate the necessary revenue.

Generally Ntinga programmes are changing and in the next two to three years you should expect to see a different Ntinga with different focus areas. Small poverty relief projects will have to be transferred to parent municipality so that we can focus on strategic programmes that produce acceptable impact.

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M.H.Y. Zungula

CEO

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1.4 Introduction

1.4.1 Mandate

Ntinga O.R.Tambo Development Agency is a municipal entity established by O.R.Tambo District Municipality to be an implementation agent for its Local Economic Development Programme.

Vision

To be result oriented vehicle leading in sustainable Local Economic Development (LED) in the O.R.Tambo Region.

Mission

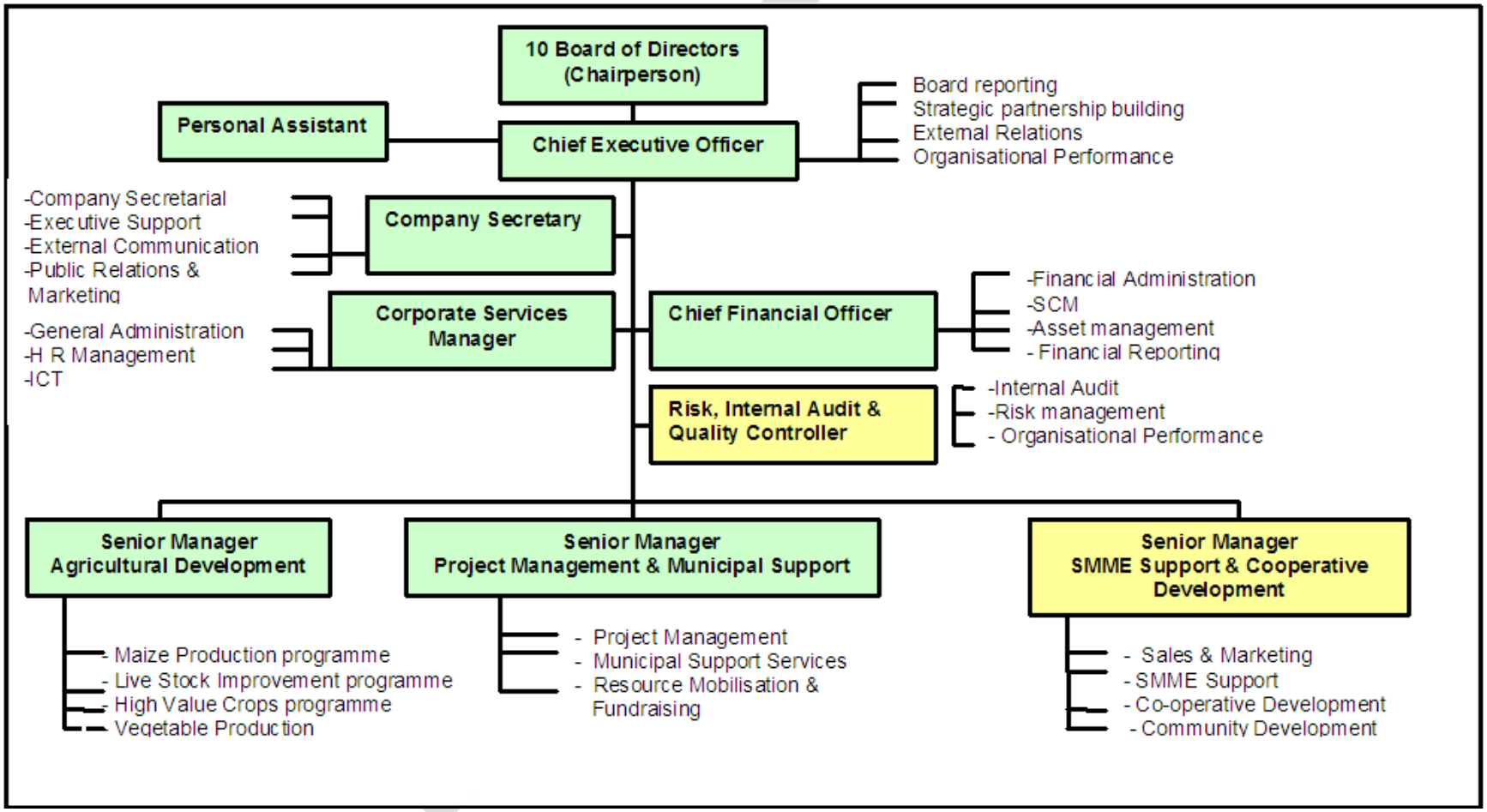
- Implementation of LED programmes aligned to ORTDM IDP, focusing on agricultural development and food security, marine resource utilization and tourism development
- Mobilisation and Leveraging financial, human and other non-financial resources in pursuance of innovation and best practice including indigenous systems,
- Instituting integrated poverty eradication programmes and initiatives aimed at improving the quality of life for the people of ORTDM and beyond
- Develop, support and encourage promotion of business opportunities, skills development and employment opportunities in the ORTDM and beyond.

Values:

- **N**urturing
- **T**ransparency
- **I**ntegrated and Honesty
- **N**egotiated Partnership
- **G**ood Governance
- **A**ccountability

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1.4.2 Organisational Structure



ORGANISATIONAL PERFORMANCE

Programme 1: Agricultural Development

Purpose of the Department

As mandated by the O.R. Tambo District Municipality, the Agricultural Development Department is responsible for the implementation of agricultural programmes in the region. The purpose is to improve or enhance development in the areas of livestock improvement, crop production, high value crops and horticulture. In line with the IDP document, the section aims at unleashing the agricultural potential of the district.

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KPA 1. AGRICULTURAL DEVELOPMENT & FOOD SECURITY (100%)								
ALIGNMENT OF OBJECTIVES		**Key Operational Strategy**	**Weight**	**Key Performance Indicator (Quality, Quantity or Cost)**	**Annual Targets**	**Actual Performance**	**Variance**	**Reason for variance**
IDP Objective	**Ntinga Objective or Mission**							
Reduction of poverty and unemployment through implementation of LED programmes within ORTDM. (refer IDP, page 32)	**1.1** Implementation of Livestock Improvement Programme (LIP)	**a)** Genetic Improvement of livestock through distribution of sires and heifer exchange	10	No of sires distributed.	5	4	-1	Resistance by farmers during sire transfer
			6	No of heifers exchanged	10	12	2	Demand
		b) Mitigate stock theft through livestock identification.	4	Number of animals branded.	500	344	156	Officer injured
		c) Ensure good health for the Ntinga owned livestock and those that belong to Ntinga projects	10	No of livestock disposed	30 livestock to be disposed	38 cattle auctioned	8	demand
		d) Effective and efficient management of Ntinga biological assets	2	Provide records for management of livestock	Reliable records of livestock movement	Achieved		
		e) Assist Local Woolgrowers to market their produce	2	No of woolgrowers assisted	80	147	67	demand
	1. 2 Promotion of agricultural production as a source of livelihood through crop/ livestock production.	**a)** Increase in number of hectares ploughed and tons per hectare harvested in maize production	20	Number of hectares planted	1250 ha	1658 Ha	408	Demand
			9	Tons per hectare harvested	Av.3 tons per hectare	2,5 tons/ Ha	-0,5 Ha	Rains came late
		b) Increase the number of households involved in crop production	5	Number of households engaged in crop farming	1000	1759	759	demand
		c) Increase marginalised and vulnerable groups (women and youth) involved in agriculture	5	Number of Women and Youth projects initiated	2 women and 2 youth projects initiated	3 women & 1 youth projects initiated	1 youth project	Still trying to rake in more youth
		d) Develop functional agricultural cooperatives	2	No of functional agricultural cooperatives	2 agricultural cooperatives developed	Not achieved		Activity with SMME & Coop Dev department
	1.3. Development and support of vegetable production for small scale farmers	**a)** Optimum utilization of available natural resources for irrigated vegetable production.	3	No of Ha under vegetable production	50 Ha for vegetable production	Supplied inputs for 50Ha	X	X
		b) Strengthen supply of vegetable produce by local producers to Kei Fresh Produce Market	0	X	X			
	1.4. Establishment and maintenance of agricultural marketing and handling infrastructure	**a)** Avail livestock facilities such as camps, sheds, pens, dipping baths, custom feeding, etc.	0	X	X			
		b) Ensure that livestock facilities are always in good and working condition.	0	X	X			

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KPA 1. AGRICULTURAL DEVELOPMENT & FOOD SECURITY (100%)								
ALIGNMENT OF OBJECTIVES		**Key Operational Strategy**	**Weight**	**Key Performance Indicator (Quality, Quantity or Cost)**	**Annual Targets**	**Actual Performance**	**Variance**	**Reason for variance**
IDP Objective	**Ntinga Objective or Mission**							
	1.5. Establishment and maintenance of irrigation equipment and infrastructure	**a)**Establish irrigation equipment and infrastructure	4	Irrigation survey & design in place	Engage service providers for survey and designs of 1 irrigation site	Achieved		
		b) Ensure maintenance and functionality of irrigation equipment and infrastructure.	3	No of irrigation equipment maintained	5 irrigation equipment maintained	3	2	2 projects not operating
	1.6. Establishment of programmes that promote commercialization of agriculture	**a)** Facilitate utilization of Ikhwezi Dairy Farm piece of land for vegetable production	1	No of Ha under vegetable production	Plant 3 Ha of cabbage	Achieved		
		b) Capitalization of Ikhwezi Dairy Farm	5	Increase in milk production	Purchase 20 cows	0	Budget contraints	
		c) Engage in rehabilitation of Goso Forest Vegetable Project	2	Project fenced	Fence total area of 7km	Achieved		
	1.8 Farmer support and development as well as rekindling interest of farmers in agriculture	a) Facilitate training and skills development	0	No of farmers trained/skilled	X	X		
			1	No of meetings with project beneficiaries	Organise & conduct 75 meetings	80 meetings	5	Need driven
	1.9 Enhance support for indigent communities	a) Ensure that ORTDM has policy on indigent individuals and commercial producers	1	Policy developed	X	X		
	1.10 Provision of efficient mechanization	a) Maintenance of tractor and equipment	5	All tractors and implements serviced & repaired	Service 28 tractors and equipment	26 serviced	2	1 - engine problem 1 - clutch problem

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Programme 2: Project Management and Municipal Support (PMMS)

Purpose of the Department

- Project initiation, facilitation and management of special projects,
- Identifying capacity needs and supporting municipalities to ensure integrated and sustainable delivery of services,
- Research and project information management,
- Resource mobilization and fundraising.

KPA's, Objectives, KPI's with Targets and Actual Performance Level

KPA 2. INSTITUTIONAL BUILDING (Transformation & Development) (20%)							
ALIGNMENT OF OBJECTIVES		Key Operational Strategy	Key Performance Indicator (Quality, Quantity or Cost)	ANNUAL TARGETS 2011/2			
				Financial Year Ending June 2012			
IDP Objective	Ntinga Objective or Mission			Annual Target	Actual Performance	variance	Reason for Variance
Ensure appropriate revenue and expenditure planning.	**2.22** Ensure appropriate budgeting, revenue and expenditure planning and sound financial management.	**a)** Effective and efficient revenue enhancement and management.	Resource mobilised and money fund raised.	R6.8 m raised through social facilitation on sanitation programme.	41 % (R2.8m) was raised.	59%	No new projects were submitted to the Agency from ORTDM.
				R25 m raised from external funders.	A Concept Document for the Baziya Training Centre was submitted to the Dept. of Rural Development and Agrarian Reform. A funding proposal was submitted to the Chamber of Mines.	100	There has been no formal response in respect of the proposals.
		Enhance revenue generation and fundraising through proactive planning	No. of projects packaged and business plan developed.	2 business plans.	No business plan has been developed.	100	Business Plans development is pending the approval of the Concept Document and proposal.
		Develop strategic partnerships with relevant stakeholders.	No. of MOU's / MOA's / Corporation Agreements signed.	3 MOU's / MOA's / Corporation Agreements signed.	An MOU was signed with the DRDAR and Service Level Agreement was entered into with Nyandeni LM.	33%	Delays with approval of proposal.

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		Improvement of resource mobilisation capacity.	No. of positions filled.	Special Programmes Units established.	The Unit has not been established. A submission was made to the Boards for post to be filled.	100	Filling of vacant posts was suspended pending completion of the Organisational Design process.

KPA 3. STRATEGIC INFRASTRUCTURE: Such as Rails, Dams, Electrification, Roads (priority surfaced & Rural Access Roads) (10%)							
ALIGNMENT OF OBJECTIVES		**Key Operational Strategy**	**Key Performance Indicator (Quality, Quantity or Cost)**	**ANNUAL TARGETS 2011/2**			
IDP Objective	**Ntinga Objective or Mission**			**Financial Year Ending 30 June 2012**			
				Annual Target	**Actual Performance**	**Variance**	**Reason for Variance**
Facilitate Investments in roads, infrastructure required for growing the economy (refer IDP, page 37).	**3.1** Facilitate investments in access roads, dams and electrification to identified rural economic nodes.	**a)** Identification of need for access roads, dams and electrification that link to ORTDM rural investments.	Number of roads facilitated.	2 roads.	The submission was not made.	100	There has been change of site due to a negative Record of Decision issued by DEDEA for Noqhekwana and the land issue for the Ndabankulu project.
			Number and kilowatts upgrade in electricity facilitated.	Application submitted to ESKOM.	The application was not submitted.	100	The agreement on land has not been reached between the municipality and the community.
Vision of improving the lives of the majority of the people of ORTDM through sustainable villages (refer IDP, page 21)	**3.2** Institute integrated poverty alleviation initiatives and programmes aimed at improving the quality of citizens of ORTDM	**a)** Implementation of training and skills transfers.	Number of people trained and type of training programmes.	ISD training for PSC's on 10 new sanitation projects.	The training was done.	0	Not Applicable.
		Develop, support and encourage promotion of employment opportunities.	Number of new temporary and sustainable jobs created.	100 temporal employees.	They were engaged.	0	Not Applicable.

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ALIGNMENT OF OBJECTIVES		Key Operational Strategy	Key Performance Indicator (Quality, Quantity or Cost)	ANNUAL TARGETS 2011 / 2012			
				Financial Year Ending June 2012			
IDP Objective	Ntinga Objective or Mission			Annual Target	Actual Performance	Variance	Reason for Variance
Marine resources utilisation mobilisation and Tourism Planning (refer IDP page 33).	**4.1**Tourism development.	Implement tourism development initiatives.	No of projects implemented.	2 projects.	Construction of the project has had to be put on hold.	100%	The Record of Decision issued by the DEDEA disapproved of the initial site.
		Facilitate training and capacity building for facilities owning agents for Noqhekwana and Ndabankulu.	Number of trainees and types of training programmes	79 people trained in Health and Safety.	Non accredited training undertaken for Noqhekwana.	50%	Project progress is pending resolution on the site issue at Ndabankulu.
		Develop, support and encourage promotion of employment opportunities.	Number of new temporary and sustainable jobs created.	79 temporal employees engaged for Noqhekwana and Ndabankulu.	A register of 31 employees have been submitted to DOT for Noqhekwana.	61 %	Employee appointment could not be undertaken at Ndabankulu due to the outstanding agreement on the project location.
Social Transformation (refer IDP page 42).	**5.1** Develop, support and encourage promotion of business opportunities, skills development and employment opportunities in the ORTDM and beyond.	**e)** Implement institutional building through cooperative development.	Number of new co-operatives	2 cooperative established	The documents were not submitted.	100%	Registration was been suspended until Record of Decision has been issued and Ndabankulu can be implemented.

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Programme 3: Financial Management

Purpose of the Department

- To provide sound financial administration
- Administration and management of the budget
- Asset management
- Supply chain management
- Implementation and maintenance of internal controls.
- MFMA implementation

KPA's, Objectives, KPI's with Targets and Actual Performance Level

KEY PERFRORMANCE AREA 1. INSTITUTIONAL BUILDING (Transformation & Development) (20%)					
IDP OBJECTIVES (STRATEGIC)	**INDICATORS**	**OPERATIONAL OBJECTIVES**	**ANNUAL TARGETS**	**ACTUAL PERFORMANCE**	**REASONS FOR DEVIATION**
Ensure compliance with relevant legislation.	(a) Percentage implementation of Action Plan on Audit Findings in order to get a cleaner audit report	Reduction in audit findings that relate to compliance, financial management and performance	90%	Action plan developed for the qualifications on the audit report and issues raised in the management letter. Reports submitted to managers to follow-up through Internal Audit	N/A
	(b) Submission of financial statements to AG for auditing by 31 August as per S126 of MFMA..		100%	Annual Financial Statements submitted to AG on 31 August 2011	N/A

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KEY PERFORMANCE AREA 2. GOOD GOVERNANCE & PUBLIC PARTICIPATION					
KEY RESPONSIBILITY AREAS: IMPLEMENTATION OF INTERNAL CONTROLS					
IDP OBJECTIVES (STRATEGIC)	**INDICATORS**	**OPERATIONAL OBJECTIVES**	**ANNUAL TARGETS**	**ACTUAL PERFORMANCE**	**REASONS FOR DEVIATION**
Ensure appropriate financial reporting as per legislation.	Annual submission of all bank accounts details to parent municipality as per S86 of MFMA.	Timely submission of bank account details to parent municipality to ensure sound financial management.	Timely submission of bank account details to parent municipality to ensure sound financial management.	List of bank accounts submitted to ORTDM on 26 June 2012.	N/A
Ensure development and implementation of financial management policies.	(a) Key financial policies aligned with MFMA regulations & guidelines. (b) Reviewal, improvement and implementation of financial controls and accounting procedures & controls.	(a) Key financial management policies and procedures in place. (b) Improved compliance, financial controls and accounting procedures & controls.	Approved reviewed finance policies.	SCM policy including the code of conduct for SCM practitioners; Asset management; Finance Procedures including Finance Close Process procedures and banking and investment policy were approved by the Board on 5 May 2012. Financial controls and accounting procedures being implemented fully.	Credit control policy not reviewed due to the entity's policy of not providing services on credit.
Management, security and control of council (entity's) assets	Percentage update of asset register and implementation	Existence and regular updating of asset register.	100% GRAP compliant asset register	Half year Assets verification conducted by 15 December 2011 and full year asset verification, reconciliation and updates done by 31 July 2012 for the 2011/2012 financial year.	N/A
Ensure appropriate revenue and expenditure planning.	Submission next year draft annual budget to parent municipality as per S87 (1-10) of MFMA.	**a)** On time and proper budgeting, and implementation.	Timely 2012/2013 submission of annual and adjustment budget	Ntinga 2012/2013 Draft budget submitted on 22 March 2012 to the District Municipality	N/A
	Monthly submission of Financial Management Accounts to parent municipality as per S87 (11-14) of MFMA.		Monthly submission of reports	Monthly management accounts submitted within 7 working days the following month.	June 2012 report not submitted since this is incorporated in the Annual Financial Statement due on 31 August 2012
	Mid-year budget and performance assessment of entity as		Mid-year budget and performance assessment of entity as per S88 of MFMA by	Mid Term Performance assessment performed and submitted to the CEO	N/A

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KEY PERFORMANCE AREA 2. GOOD GOVERNANCE & PUBLIC PARTICIPATION					
KEY RESPONSIBILITY AREAS: IMPLEMENTATION OF INTERNAL CONTROLS					
IDP OBJECTIVES (STRATEGIC)	**INDICATORS**	**OPERATIONAL OBJECTIVES**	**ANNUAL TARGETS**	**ACTUAL PERFORMANCE**	**REASONS FOR DEVIATION**
	per S88 of MFMA		20th January each year		
	Ensure that expenditure is in accordance with approved or adjustments budget.	**b)** Approved budget and adjustments budget is not exceeded and not under spent.	Process payments within the approved budgets	Virements submitted to the Board for approval on 31 August 2012	N/A
	Statutory deductions paid over monthly.	**c)** Statutory deductions payment complied with.	Payment of PAYE, SDL and UIF by the 7th of the following month; Submission of VAT returns by the 25th of the following month.	PAYE, SDL and UIF for the entity paid on the 7th of the following month and VAT returns submitted by the 25th of the following month.	N/A
	Facilitate determination of upper remuneration limits of CEO and senior managers and expenditure reports.	**c)** Timely reports of upper limits of remuneration packages of CEO and senior managers as per S89 of MFMA.	Submit letter to District municipality for the limits	Letter submitted to the District Municipality on 31 January 2012	N/A
	Monthly reconciliation of revenue.	**d)** Timely management and report of revenue as per S98.		Monthly management accounts detailing revenue received submitted to the District Municipality within 7 workings days of the following month.	N/A
		e) Effective and efficient revenue enhancement and management.	Prepare monthly invoices to obtain funds from ORTDM	12 Grant invoices submitted to the District and paid before year end. Water and sanitation invoices billed on a timely basis.	N/A
	Resource mobilised and money fund raised.	f) Improvement of going concern of entity through own generated revenue.	Raise R320 000 in interest	Raised R582 686.	This increased significantly due to the diversification of investments with some funds being moved to Nedbank.
	Development and % implementation of Revenue Generation Policy.	g) Sound Financial Management System and implementation place.	Developed revenue generation policy	N/A	Resource mobilisation strategy in place but not fully implemented therefore no need to develop revenue generation policy

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Programme 4: Corporate Services Management

Purpose of the Department

To provide strategic support to the entire organization.

Priorities:

- The effective management of human resources in order to ensure the transformation of skills development, employment equity and performance appraisal.
- The effective management of an administration system that is effective and facilitates decision making and service delivery throughout the organization.
- The effect t management of ICT function within the organization.

KPA 2. INSTITUTIONAL BUILDING (Transformation & Development) (20%)									
ALIGNMENT OF OBJECTIVES		Key Operational Strategy	Responsibility	Weight	Key Performance Indicator (Quality, Quantity or Cost)	Baseline Indicator (30-06-2010)	ANNUAL TARGETS		
IDP Objective	Ntinga Objective or Mission						Annual Targets	Actual	Reasons for deviation
Ensure application of Batho Pele principles.	**2.4** Ensure application of Batho Pele principles.	**a)** Improved quality of service delivery.			Percentage improvement of service delivery.	Capacity building, Outreach	Batho Pele training	Not performed	Budgetary constraints
Development and application of policies, by-laws & systems.	**2.10** Development, reviewal & monitoring of policies.	**a)** Necessary policies in place. **b)** Develop policy register & framework			Number of policies developed	Review & Implemented	7	2 Reviewed	N/A
					Number of policies reviewed		9	1 Developed 2 Drafts	N/A
					% progress towards the implementation of all policies		100%	100%	N/A
					Developed and signed-off HR Plan		Developed and implemented	Not achieved	Budget and the resolution on recruitment affected the performance
					Fully Review HR Manual		Reviewed and signed off	Not achieved	No recruitments due to financial constraints

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KPA 2. INSTITUTIONAL BUILDING (Transformation & Development) (20%)									
ALIGNMENT OF OBJECTIVES		Key Operational Strategy	Responsibility	Weight	Key Performance Indicator (Quality, Quantity or Cost)	Baseline Indicator (30-06-2010)	ANNUAL TARGETS		
IDP Objective	Ntinga Objective or Mission						Annual Targets	Actual	Reasons for deviation
					% progress towards the development and implementation of HR business process manual		Complete one department	Not achieved	Financial constraints
					SDBIP approved and implemented timeously		Developed and signed off Implementation	Achieved	N/A
					Developed and signed-off EE Plan		Developed and signed off	Not achieved	N/A
					% of women beneficiaries employed		10%	Not achieved	No recruitments due to financial constraints
					% of disabled people employed		1%	Not achieved	No recruitments due to financial constraints
					% of youth employed		10%		No recruitments due to financial constraints
					Annual EE Report developed timeously for monitoring purposes		Annual Report	Not achieved	
					% of employee assistance cases responded to within 14 working days	100%	100%	Achieved	None
					Wellness Committee established and fully functional	Committee established and functional	Committee established and functional	Not achieved	Low staff moral
					% of reduced absenteeism due to wellness related problems	0%	0%	Achieved	N/A

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KPA 2. INSTITUTIONAL BUILDING (Transformation & Development) (20%)									
ALIGNMENT OF OBJECTIVES		Key Operational Strategy	Responsibility	Weight	Key Performance Indicator (Quality, Quantity or Cost)	Baseline Indicator (30-06-2010)	ANNUAL TARGETS		
IDP Objective	Ntinga Objective or Mission						Annual Targets	Actual	Reasons for deviation
					Number of life skills programmes conducted	1	2	Not achieved	Budgetary constraints
					Number of EAP awareness campaigns	1	2	Not achieved	Budgetary constraints
					Number of HIV/AIDS awareness campaigns	1	4	Distributed condoms to all Ntinga sites	N/A
					Minutes and/or Report of District HIV/AIDS Coordinating Forum	Minutes/ Report	1	Not achieved	The meeting scheduled to be in December was not convened
					% progress towards implementation of OH&S Policy	25%	50%	Supported department of Agriculture	N/A
					% of disciplinary cases resolved within 3months of occurrence	100%	100%	Achieved	N/A
					% of grievances resolved within the specified time as per the grievance procedure	100%	100%	Achieved	N/A
						1 Workshop	100%	Not achieved	Low staff morale
Improve institutional systems and organisational	**2.14** Improve institutional systems and organisational	**a)** Quality job descriptions in place.			Percentage of quality job description and job profile done.	5% done	20JDs	39JDs	N/A

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KPA 2. INSTITUTIONAL BUILDING (Transformation & Development) (20%)									
ALIGNMENT OF OBJECTIVES		**Key Operational Strategy**	**Responsibility**	**Weight**	**Key Performance Indicator (Quality, Quantity or Cost)**	**Baseline Indicator (30-06-2010)**	**ANNUAL TARGETS**		
IDP Objective	**Ntinga Objective or Mission**						**Annual Targets**	**Actual**	**Reasons for deviation**
design.	design.				Amendments to the organogram addressing the entity's strategy approved by the Board		Approved by Board	Done	N/A
Develop, attract and retain key and scarce skills.	**2.15** Develop, attract and retain key and scarce skilc9ils.	**a)** Retention Strategy in place & critical positions filled in.			Development and % implementation of retention strategy.	Nil	Development of retention strategy		N/A
					Submission (ORTDM) of Competency Report by 20 Jan. as per Competency Regulations 14(3&4).	Nil	100% compliance.	Achieved	N/A
					Staffing	Nil	100%	Achieved	N/A
					% of posts that have been graded		100%	Not achieved	Financial challenges
					Timeous implementation of job grading system		100%	Not achieved	Financial challenges
					Developed and signed-off Recruitment and Selection Plan		Developed and signed off	Done	N/A
					% of post filled as per Recruitment and Selection Plan		100%	None	N/A
Structured skills training & development and career pathing.	**2.16** Structured skills training & development and career pathing.	**a)** Training informed by strategic needs of the entity & individual career pathing.			Percentage trained employees as per WSP and development of next year WSP & 2008/09 Training Report.	80% trained, WSP & report developed.	100% trained, WSP & report developed.(18employees) WSP developed and submitted ATR submitted	None	N/A

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KPA 2. INSTITUTIONAL BUILDING (Transformation & Development) (20%)									
ALIGNMENT OF OBJECTIVES		**Key Operational Strategy**	**Responsibility**	**Weight**	**Key Performance Indicator (Quality, Quantity or Cost)**	**Baseline Indicator (30-06-2010)**	**ANNUAL TARGETS**		
IDP Objective	**Ntinga Objective or Mission**						**Annual Targets**	**Actual**	**Reasons for deviation**
Provide legal wise technical and oversight management.		**a)** Legal compliant environment in place.			Percentage of legal issues that are dealt with promptly.	90% Complied.	100% compliance.	None	N/A
Management, security and control of council assets	**2.21** Ensure management, security and control of Ntinga assets.	**a)** Office security systems are in place			Alarms and other office security systems are in place operational and maintained.	None	100%	Not achieved	Financial challenges
		b) Conducive working conditions			Clean working environment	None	100% done.	Done	N/A
		c) Insurance of assets			All assets covered by insurance Insurance document	None	Insured Assets	Done	N/A
		d) Fleet Management			Repairs and service conducted when necessary	None	Effective management of fleet	Done	N/A
		e) Telephone system			Telephone working regularly and the switchboard manned all the time	None	Effective Management of telephone system	Done	N/A
		f) Management of office equipment			Office equipment in working condition	None	Equipment working all the time	Not achieved	Lack of funds to repair office equipment
	Management of Petty cash				Managed float of R 36000.00 per year	None	R36 000	Done	N/A
Communication of processes, plans, targets and achievements.	**2.13** Communication of processes, plans, targets and achievements to stakeholders.	**b)** Improved communication management, access and sharing of information with public.			Publicising of Midyear and Annual reports on Ntinga website.	100% complied.	Annual Report available on the website	Not achieved	N/A

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KPA 2. INSTITUTIONAL BUILDING (Transformation & Development) (20%)									
ALIGNMENT OF OBJECTIVES		**Key Operational Strategy**	**Responsibility**	**Weight**	**Key Performance Indicator (Quality, Quantity or Cost)**	**Baseline Indicator (30-06-2010)**	**ANNUAL TARGETS**		
IDP Objective	**Ntinga Objective or Mission**						**Annual Targets**	**Actual**	**Reasons for deviation**
	ICT Strategy Development				Have ICT Strategy in Place	None	ICT strategy	Not achieved	To do risk assessment first. But could not do the risk assessment due to lack of funds
Ensure effective and efficient systems for managing council records.	**2.12** Ensure efficient and effective systems for managing Ntinga records.	**a)** Development of standardised records management system			Ntinga records safe and well archived.	Unsystematic records management in place	Standardised records management system developed	Records Management department was established	N/A
					Availability of documentation	None	Collection of relevant Acts and buying of useful literature .	No achieved	Budgetary constraints
					Electronic Document Management System	None	Implementation of Electronic Filing system	Not achieved	Budgetary constraints
					Established Records Management System	None	Implementation of the Records Management Policy and the Procedures Manual.	Done	N/A
					Document Filing System	None	Development of the Draft File Plan.	Done	N/A
Improved efficiency and reduce	**2.17** Improved IT efficiency and reduce downtime	**a)** Effective and efficient IT management and			Annual updates of software licenses to avoid discontinuance of operations.	100% done.	100% done.	Done	N/A

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KPA 2. INSTITUTIONAL BUILDING (Transformation & Development) (20%)									
ALIGNMENT OF OBJECTIVES		**Key Operational Strategy**	**Responsibility**	**Weight**	**Key Performance Indicator (Quality, Quantity or Cost)**	**Baseline Indicator (30-06-2010)**	**ANNUAL TARGETS**		
IDP Objective	**Ntinga Objective or Mission**						**Annual Targets**	**Actual**	**Reasons for deviation**
downtime on systems.	on systems.	support.			Weekly virus updates and quarterly Windows updates (also when new software is released).	80% done.	90 % done.	Done	N/A
		b) Improved computer literacy.			Number of staff members trained in IT related skills.	5 trained	27	9	N/A
		c) Improved communication of public information and programmes using ICT.			Percentage functioning and updating of Ntinga website.	60% functioning & update	70% functioning & update.	Not functional	ICT staff need training on this matter
	ICT Strategy Development				Have ICT Strategy		Signed off by the Board	Not achieved	Delayed by Risk Assessment that needs to be done
	ICT Infrastructure Development and maintenance				Server and Workstation operating systems update at least quarterly		Server & Workstation update	Done	None
					Server and Workstation antivirus updated at least daily		Server & Workstation antivirus update daily	Done	None
General Office Maintanance, Security and control of Ntinga Assets.	Well maintained Office Working Environment.	Office Security Systems in place, Office Equipment maintenance, Office Buildings Maintenance.				Maintaining Office Equipment, Buildings and ensuring Security.	Acquiring new photocopy Machine, Installation of Access Control door, Installation of Window Blinds.	Photocopying machine acquired Window Blinds installed Access control not installed	Due to possibility of moving offices

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	Safe keeping of Ntinga Assets	Insurance assets			Insured Assets	Insuring all additional assets immediately after purchase.	Achieved	
					Well Managed Petty Cash Float of	R36 000	Achieved	
		Effective Management of front office			High standard of reception services	High standard of reception services	Achieved	
		Effective Management of switchboard			Telephone lines working and answered	Telephone lines working and answered	Achieved	
		Provision of Cleaning Services.			Auxiliary Cleaning Services that are up to prescribed health standards	Auxiliary Cleaning Services that are up to prescribed health standards	Achieved	
		Provision of Driver /Messenger Services.			Effective Delivery services	Effective Delivery services	Achieved	
		Fleet Management			Road worthy vehicles.	Motor vehicle maintenance and licensing Monitoring the usage	Partly achieved . Done	Vehicle are too old and expensive to repair
		Filing and storage of documents for easy retrieval and safekeeping.			Credible records management system.	Records Management system	Achieved	

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Programme 5: SMME Support & Cooperatives Development

1. PURPOSE OF THE DEPARTMENT.

The purpose of the departmental programmes is to provide support to the needs of local communities in pursuance of improving the quality of life within the district through facilitation of local economic development. Whilst micro-enterprises have absorbed large numbers of unemployed people, they are in themselves not always able to generate appropriately remunerated long-term jobs. The departmental support programme should improve:

1.1 The skills levels of entrepreneurs,

1.2 Strengthen the use of appropriate technologies, and

1.3 Provide technical support to boost SMME capacity to create long-term jobs.

Our departmental development programmes are focusing on:

- ✓ Facilitation of the establishment of cooperatives,
- ✓ Ownership and control of own assets through cooperatives,
- ✓ Sustainable jobs creation and food security,
- ✓ Poverty reduction in rural areas,
- ✓ Agricultural industry and related sector growth through trade promotion,
- ✓ Achieve departmental employment equity, and human resources development and,
- ✓ Develop and implement training programmes that improve departmental institutional capacity and communities.

2. DEPARTMENTAL PROGRAMMES 2010/11.

2.1 COOPERATIVES DEVELOPMENT SUPPORT PROGRAMMES.

2.2.1 Facilitate registration of Cooperatives with CIPRO

2.2.2 Facilitate fund raising for cooperatives & enterprises.

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2.2.3 Provide training for registered cooperatives

2.2.4 Provide marketing support for cooperatives

2.2 ENTERPRISE SUPPORT PROGRAMMES.

2.3.1 Kei Fresh Produce Market (KFPM).

2.3.2 Umzikantu Red meat Abattoir

2.3 SUSTAINABLE VILLAGES SUPPORT PROGRAMME

2.4.1 Baziya Bakery Cooperatives

2.4.2 Baziya Sewing Cooperative

2.4.3 Mputi Agricultural Cooperative

2.4.4 Mputi Egg Laying Cooperative

KPA's, Objectives, KPI's with Targets and Actual Performance Level

KEY PERFOMANCE AREA	OBJECTIVES	KEY PERFOMANCE INDICATORS WITH TARGETS	ACTUAL PERFORMANCE
Local Economic Development	Institutional Building	Develop funding plans for implementation	5 projects implemented at Abattoir & KFPM
		Facilitate registration of cooperatives.	163 cooperatives registered
		Departmental staff meetings	12 meetings held
		Establish farmer support unit at KFPM	Unit established with 3 employees
		Facilitate appointment of the Board of Directors for KFPM.	Proposal signed and forwarded to ORTDM
		Facilitate partnership with Walter Sisulu University (Centre for Rural Development)	Student exchange programme with Niagara College of Canada
		Training of cooperatives on business skills	48 cooperatives trained
		Completion of applications for DTI incentive scheme	7 cooperatives assisted with applications to DTI
		Operate Umzikantu Abattoir optimally	Funds availability inhibit optimal operation of the abattoir
		Build infrastructure support for Baziya cooperatives	Bakery, Crop production, Sewing and Egg production infrastructure implemented

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3. PERFORMANCE VARIATION (positive and negative)

3.1 HIGHLIGHTS

- ✓ Acquisition of the 5 ton truck for the farmer support unit completed and branded.
- ✓ Additional cooperative for Kei Fresh Produce Market has started and the first cooperative has completed interviews in preparation to start in October 2012.
- ✓ Developed Strategic Business Plan Review for Kei Fresh Produce Market and funding acquired from AsgiSA-EC amounting to R 300,000.00
- ✓ Training of 48 agricultural cooperatives members conducted.
- ✓ An amount of R 5.9 million approved by DEDEA – EU to establish meat market.
- ✓ An amount of R 4.7 million approved by Surudec – EU to support training and operational support for Baziya Sustainable Village.
- ✓ Facilitation for DTI incentive scheme for cooperatives.
- ✓ Established the first cooperative to operate an Agency in a fresh produce market.

3.2 LOWLIGHTS

- ✓ Budget shortfall for Kei Fresh Produce Market and Umzikantu Abattoir is threatening continued operations of the entity.
- ✓ Budget availability for capital equipment replacements, repairs and working capital requirements is hampering turnaround of operations at all enterprises
- ✓ Appointment of the board of directors for KFPM is delayed.
- ✓ Resource Mobilisation is still problematic for cooperatives due to compliance requirements by prospective sponsors.

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- ✓ Increasing work load whilst vacant positions are not filled. 4 authorised vacant positions have not been filled in the department**.**
- ✓ A number of vacant positions have not been filled in the department and enterprises.

5. SUGGESTED CORRECTIVE MEASURES

Our proposed plan is aimed at improving operational efficiency of the department based on the following key elements:

- ✓ Restructuring (disposal / outsourcing of non-core assets),
- ✓ Cost reduction (i.e. Employee right sizing, leasing, extend life of machinery),
- ✓ Asset reduction (disposal of redundant assets),
- ✓ Revenue generation (identify new revenue streams),
- ✓ Improve governance (ensuring compliance), and business processes reengineering,
- ✓ Recruitment and redeployment of appropriate skills across all enterprises,
- ✓ Capital programmes to improve efficiency (working capital, replacement of costly capital equipment & vehicles), and
- ✓ Continual review and reduction of operational expenses, and sharing of resources amongst enterprises & Ntinga.

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Programme 6: Company Secretariat

Purpose of the Unit

- To render Board Secretariat support to the Board of Directors and its committees, i.e. Audit, Risk and Corporate Governance (ARCGC), and Human Resources and Remuneration Committees (HRRC)
- To render executive support to the CEO's office
- To coordinate external communication and public relations
- Marketing coordination

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KPA's, Objectives, KPI's with Targets and Actual Performance Level

ALIGNMENT OF OBJECTIVES		Key Operational Strategy	Weight	Key Performance Indicator (Quality, Quantity or Cost)	Annual Targets	Actual Performance	Variance	Reason for variance
IDP Objective	Ntinga Objective or Mission							
Board Secretariat		Secretarial support to the Board of Directors (Board of Directors) and its committees		Well organized and successful meetings as well as informed Board members	At least 4 Board meetings and committee meetings	90%	1 HRRC & 1 ARCGC meetings did not materialise	Quorum.
		To ensure correct implementation of the Boards resolutions as per the timelines			100% implementation of Board resolutions	80%	Not Applicable	
		To ensure that the BoD and its Committees receive their information packs 10 days before each meeting		Efficient and effective functioning of the Board of Directors and its Committees	Information packs reaching the Board members 10 days before each meeting for every meeting	100%	Not Applicable	
		To coordinate the recruitment of new Board members		Appointed and functioning Board	Appointed and functioning Board	80%	20%	Not in the Agency's control
Promotion of Good Corporate Image and Marketing		Agency Branding		Developed Newsletters twice a year	1 newsletter r	50%	50%	Budget constraints
				Branded Banners		100%	Not Applicable	
				Branded Promotional material (flyers, writing pads; folders)				
				Erected billboards	1 Billboard erected	Not done		Budget constraints

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Programme 7 : Internal Audit

ALIGNMENT OF OBJECTIVES		Key Operational Strategy	Key Performance Indicator (Quality, Quantity or Cost)	Annual Target	QUARTERLY PERFORMANCE					
IDP Objective	Ntinga Objective or Mission				1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Actual	Variance
Ensure, maintain fraud and corruption free environment.	Ensure, maintain fraud and corruption free environment.	Fraud prevention policy and risk management strategy implemented	Risk management policy development and implementation	Risk management system implemented	Risk assessment conducted	Risk Register updated	Risk Register updated	Risk Register updated	Risk assessment workshop held and risk register updated	N/A
			Fraud Prevention Policy reviewed and implementation	Fraud Prevention Plan implemented	X	done	done	done	done	
Ensure compliance with relevant legislation.	Ensure compliance with relevant legislation.	Reduction in audit findings that relate to compliance, financial management and performance.	Percentage implementation of Action Plan on Audit Findings in order to get a cleaner audit report.	100% implementation.	100% implementation.	Develop audit action plan	Action Plan Developed	Action plan was developed	Action plan was developed	n/a
			Submission of financial statements to AG for auditing by 31 August as per S126 of MFMA.	100% compliance.	100% compliance.	x	N/A	N/A	N/A	n/a
Ensure improved, effective and efficient district wide audit environment.	Ensure improved, effective and efficient audit environment.	Fully functioning and effective internal audit unit and audit committee in place.	3yr rolling Internal Audit Plan developed and implemented.	3yr rolling plan developed and implemented	3yr rolling plan developed and implemented	3yr rolling plan implemented	Done	Partly done	Internal audit reports	Shortage of staff IA Manager resigned no supporting staff to this section

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ALIGNMENT OF OBJECTIVES		Key Operational Strategy	Key Performance Indicator (Quality, Quantity or Cost)	Annual Target	QUARTERLY PERFORMANCE					
IDP Objective	Ntinga Objective or Mission				1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Actual	Variance
		Audit, Risk and Corporate Governance function fully effective.	Support to ARCGC to function effectively through quarterly meetings.	4 meetings, & Reports submitted to the Board	1 meeting, & Reports submitted to the Board	1 meeting, & Reports submitted to the Board	Done	N/A	N/A	No meetings held in the 3rd and 4th quarter due to the expiry of contract for board members.
	Ensure transparency and accountability.	Improved accountability and public confidence through elimination of conflict of interest and corruption.	Annual declaration of interest by all staff members and also declaration by managers in monthly meetings.	100% compliance.	100% compliance.	100% compliance.	Done	N/A	N/A	It is only done when there is a need / meetings.
			Annual declaration of interest by Board members in every Board meeting.	100% compliance.	100% compliance.	100% compliance.	Done	N/A	N/A	

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3.1 REPORT OF THE AUDIT, RISK AND CORPORATE GOVERNANCE COMMITTEE (ARCGC) FOR THE YEAR ENDED 30 JUNE 2012

3.1.1 Background and purpose

Ntinga O.R. Tambo Development Agency has an established audit committee. Its purpose is to provide:

- independent assurance on the adequacy of the risk management framework, performance management, governance and the control environment;
- independent scrutiny of the agency's financial and non-financial performance; and
- oversee the financial reporting and compliance processes.

The key benefits of an audit committee are as follows:

- Increasing public confidence in the objectivity and fairness of both financial and non-financial reporting;
- Reinforcing the importance and independence of internal and external audit and similar review processes;
- Providing additional assurance through a process of independent review.
- Raising awareness of the need for internal control and the implementation of audit recommendations.

This report is prepared in terms of section 121(4)(g) of the Municipal Finance Management Act no. 56 of 2003.

The audit committee is required to report that it has regulated its affairs in compliance with the audit committee charter, and has discharged its responsibilities set out herein.

3.1.2 Meetings

Ms. Galeni resigned from the committee on 01 December 2011. Mr. P. Mqingwana was then appointed to act as an ARCGC chairperson. During the 2011/2012 financial year the committee meetings and members' attendance record was as follows:

	Expertise	**31 Aug 11**	**21 Nov 11**	**04 May 12**
Ms. N. Galeni (Chairperson)	Finance, auditing, performance management and risk management	Present	Present (via teleconference)	-
Mr. P. Mqingwana	Finance, risk management and auditing	Present	Present	Present
Mr B. Dlulane	Finance, auditing, and risk management	Present	Present	Present
Ms. F. Maqwati	Finance, auditing, and risk management	Present	Absent	Absent

Scope and main activities of the Audit Risk Corporate Governance Committee

During the 2011/2012 financial year, the audit committee was fully operational. The Audit Committee is required to report its findings to the Board of Directors, identifying any matters in respect of which it considers that action or improvement is required, and makes recommendations thereof. The following recommendations were made by the committee during the financial year:

- Review of annual financial statements;
- Internal audit coverage plan;
- Advised on risk management implementation;
- Considered internal audit reports on work undertaken;
- Advised on the annual budget
- Reviewed the management accounts;
- Advised on the policy formation.

3.1.3 The effectiveness of internal control

Various reports of the internal auditors as well as the audit reports on the annual financial statements and management letter of the Auditor General indicates a high level of improvement in controls when compared with previous years. However, there is some level of improvement that is required particularly in performance management. This requires management to work harder and efficiently in addressing them.

3.1.4 Risk Management

In the absence of risk management capacity in the agency, this function is coordinated by the internal audit function. Following a risk assessment exercise, a risk register is prepared indicating how the top ten identified risks facing the entity would be managed. There is still a challenge with risk management reporting in the agency. The departments were not reporting on what they were doing in managing risks. The audit committee has also been assigned the responsibility of providing advice on risk management and performance management. Management of the agency manages and monitors the assessment and control of risks on a prioritised basis throughout the agency. Internal Auditors use this risk control framework to prepare their audit coverage plans and to undertake audit work in the high risk areas identified.

3.1.5 Internal audit

The audit committee receives presentations from the head of Internal Audit about the results of work undertaken by the unit. These presentations were of audit findings discussed with management. The committee encouraged management to address issues raised by the

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auditors to avoid recurrence. During this financial year the internal audit function was not fully functional. It was highly understaffed. To remedy the situation, the entity has entered into a shared service arrangement with the parent municipality.

3.1.6 Conclusion

The committee was able to confirm that the system of internal control, governance and risk management in the agency was adequate in identifying risks. However, risk management practices that were implemented by management were ineffective. This increased the risk of errors and fraud occurring and remaining undetected. The committee gained assurance in order to produce the above statement, from the following sources:

Internal audit

Recommendations that were made to management were not always implemented. Follow audits revealed that there were minor issues that were not addressed in full. In general the control environment was found to be fairly sound.

External Audit – Auditor General

The Committee placed reliance upon the work undertaken by the external auditors. The preparation of annual financial statements was done in-house. During the audit errors for 2011 financial year were identified and were corrected in the current financial year. Another emphasis was on the going concern of the entity due to the reduced funding of the entity The main challenge that arose from this audit is that the internal audit unit was not fully functional which resulted in internal control weaknesses that were not identified especially those related to supply chain management. There are number of instances where there was non-compliance with legislation applicable in local government. This is one of the areas that management needs to pay particular attention to.

Findings of the Auditor General also revealed a number of weaknesses with performance management and reporting in the agency. Their findings are consistent with those of the audit committee that we were raised with management during the year. Management needs to take care when preparing their department reports. Performance reports should be accompanied by evidence of reported performance achievements. Performance information should be prepared timeously and be subjected to internal audit reviews on a continuous basis.

We concur with and accept the Auditor-General's report on the annual financial statements, and are of the opinion that the audited annual financial statements should be accepted. We wish to congratulate the management team for the improved audit opinion. The Audit Committee has taken note of all the findings and opinion of the Auditor-General, and will be monitoring the steps to be taken by management to address each of the issues raised.

Mr. P. Mqingwana
Chairperson – Audit; Risk & Corporate Governance Committee

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3.4 CORRECTIVE ACTION TO BE TAKEN IN RESPONSE TO THE ISSUES RAISED IN THE AUDIT REPORT

1. EMPHASIS OF MATTER

- **RESTATEMENT OF CORRESPONDING FIGURES**

Efforts will be made to ensure that all expenditures incurred and revenue received is completely accounted in the year in which it occurred to reduce restatement of figures.

- **GOING CONCERN**

Although there is continued reduction of the budget allocated to the entity, there is an organisational redesign in progress to identify the best legal form that would permit it mobilise adequate resource fund projects and operational expenses.

2. OTHER MATTERS

- **PREDETERMINED OBJECTIVES**
  Efforts in terms of developing a booklet that would thoroughly explain all pre-determined objectives to ensure that they are measurable, consistent, valid, accurate and complete. The services of an expert will be sort to ensure that the report on predetermined is properly monitored with corrective measures on non-performance easily determined and followed-up.

- **INTERNAL AUDIT UNIT AND AUDIT COMMITTEE**
  The internal audit unit has now been populated to ensure that audits are performed. The Audit Committee at the time of the finalisation of the annual financial statements had just been appointed and therefore did not have adequate time to review them. This will not happen in the 2012/2013 financial year.

- **PROCUREMENT AND CONTRACT MANAGEMENT**
  Explanations will be properly documented in cases where it is not feasible to obtain three quotes and in cases where the quotes exceeds R200,000, tenders will be advertised.

- **EXPENDITURE MANAGEMENT**
  Tenders for social facilitation for the sanitation projects will be done on an annual basis to generate a supplier database that will be utilised whenever the services for social facilitation is required. This will also be done on a rotational basis.

- **REVENUE MANAGEMENT**
  Interest will be charged on all outstanding debts.

- **GOVERNANCE**
  Follow-ups will be made to ensure that risks identified are properly addressed.

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CORPORATE GOVERNANCE REPORT 2011/12

Introduction

Ntinga has two operational Board committees, namely the Audit & Corporate Governance Committee (ACGC) and the Human Resources & Remuneration Committee (HRRC).

The Chief Executive Officer (CEO) attends meetings of the Board of Ntinga O.R Tambo Development Agency as an ex officio member and reports on the activities of the Agency. The CEO is responsible for ensuring that decisions, strategies and views of the Board are implemented. The senior managers are accountable for the control, conduct and performance of their departments within the agreed business strategy.

The organisation is composed of five departments focused on the following functional areas:

(i) Corporate Services
(ii) Financial Administration
(iii) Agricultural Development
(iv) SMME Support & Cooperative Development
(v) Project Management & Municipal Support

Ntinga has human resources policies and practices that foster a high performance environment to the benefit of all the stakeholders.

A Workplace Skills Plan (WSP) is being completed every year and submitted to Services Seta.

Our employee remuneration compares favorably with both the private and the public sector. Staff meetings with the management enable employees to be reasonably well informed of news and developments in the Agency and beyond.

Board of Directors

The Board of Directors of the Ntinga O.R Tambo Development Agency (Ntinga) is appointed by the O.R. Tambo District Municipality (ORTDM) to serve a term determined by the ORTDM. This arrangement is in line with the Municipal Systems Act and the ORTDM council by-law, which by provides for the appointment of the municipal entity's board. Ntinga has a unitary Board, consisting of nine non executive directors. The chairperson has no executive functions. The role of the Chairperson and the Chief Executive officer are separate. The chairperson is responsible for ensuring the integrity and effectiveness of the governance process.

Meetings of the Board are scheduled to meet at least 4 times per annum with defined objectives and agenda structure. Additional combined special or focus meetings with the

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senior managers of the Agency where consideration of the annual business plan, budget, major capital expenditure and key strategic issues are held on a need basis.

Board members endeavor to attend Board meetings with thorough preparation. Board members are expected to participate fully, frankly and constructively in Board discussions and other activities and to bring the benefit of their particular knowledge, skills and abilities to the table.

Board Meetings = 4

Name	No of meetings attended 2011/12
Dr P.P. Dyantyi - Chairperson	4
Ms N. Galeni	1 (resigned 01/12/11)
Ms P. Titus	4
Mr. S. Mase	2
Mr. P. Mqingwana	4
Mr. B. Dlulane	4
Chief X. Ndevu	3
Mr. Y. Quma	3

The Directors fees are payable per sitting per day for all normal and special board meetings provided that where more than one meeting has set on a day, the member participating on more than one meeting shall attract fees for only one day at the highest rate applicable for his/her role for the day. Policy is reviewed by the O.R. Tambo District Municipality annually. The current fees are as follows:

- **Board Chairperson:** R5 000 per sitting/day
- **Chairperson of the Committee:** R4 500 per sitting/day
- **Ordinary Member (Board & Committee):** R4 000 per sitting/day

Audit, Risk and Corporate Governance Committee

All members are non-executive directors from the Board of Ntinga O.R. Tambo Development Agency. ARCGC (Audit; Risk and Corporate Governance Committee) was chaired by Ms Nomfuyo Galeni who resigned effective from 01 December 2011, Mr Pumezo

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Mqingwana was then appointed to act as an ARCGC chairperson until the new chairperson has been appointed.

a. Internal and External Auditors

The Committee recommends to the Board of Ntinga O.R Tambo Development Agency the internal audit coverage plan based on a risk assessment of the agency. It also reviews annually the external audit plan, resources and scope of audit work and considers the fees for the external auditors, who have unrestricted access to it. It also monitors internal and external auditors' performance against expectations.

b. Financial Statements

The Committee examines and reviews the annual financial statements of the Agency and other relevant financial reports.

c. Internal Control and Risk Assurance

An important role of the Committee is to consider whether appropriate procedures are in place for the ongoing evaluation of the effectiveness of internal systems of control and reviewing the reliability and the integrity of financial and operating information, including the internal audit function.

d. Ethics and Corporate Conduct

The Committee considers whether adequate procedures exist to ensure compliance with the requirements of the Agency's code of conduct, the MFMA appropriate standards of ethical conduct and identification of any violations of misconduct or fraud or any other unethical activity.

ARCGC Meetings = 3

Name	No. of Meetings Attended
Ms N. Galeni - Chairperson	2
Ms F. Maqwati	2
Mr B. Dlulane	3
Mr P. Mqingwana	3 (acted as a chairperson on the 04/05/2012)

Human Resources and Remuneration Committee (HRRC)

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The purpose of this committee is to review, consider and recommend on matters relating to management and general staff working environment.

HRRC Meeting = 3

Name	No. of Meetings Attended
Ms P. Titus - Chairperson	3 (resigned 01/06/12)
Mr. S. Mase	2
Chief X. Ndevu	2
Mr. Y. Quma	3

Senior Management

The CEO is responsible for ensuring that decisions, strategies and views of the Board are implemented. The senior managers are accountable for the control, conduct and performance of their departments within the agreed business strategy.

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ANNEXURE G – RECCOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE YEAR

RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE YEAR 2011/2012

Municipal Audit Committee Recommendations		
Date of Committee Meeting	**Committee recommendations during Year 2011/2012**	**Recommendations adopted (enter Yes) If not adopted (provide explanation)**
15 Jul 11	The approval of finance department organogram should be given immediate attention;	Yes
	The committee should meet with the mayoral committee at-least once a quarter.	Yes
	CFO and Director Water service should develop a plan on how outstanding consumer debt would be collected.	Yes
	Municipal manager should intervene in ensuring that the appointment of a service provider is speedily done as any delays would impact on the quality of financial statements.	Yes
	Municipal manager should ensure that SCM procedures are always followed by housing department.	Yes
	Annual risk assessments should always be done on time.	Yes
	Management should address issues that are raised by both internal and external auditors.	Yes
31 Aug 11	The committee reviewed the 2010/2011 financial statements and performance report. A number of corrections and disclosure recommendations were made.	Yes
21 Nov 11	The committee met with external auditors to receive the draft 2010/2011 draft audit report.	Not applicable.
02 Dec 11	Management should prioritise the development of a debt collection strategy.	Yes
	Management should implement its plans of engaging National Treasury concerning their offer of assisting with tariff setting in the municipality.	Yes
	Management should consider preparing interim financial statements for the six months ending 31 December 2011. This would present an opportunity of ascertaining whether errors raised in previous audits have been addressed.	Yes
	Municipal Manager should attend to the risk assessment of the finance department that was still outstanding.	Yes
	Management should manage the risk of not honouring session agreements. This has a potential of resulting in fruitless expenditure for the municipality.	Yes
	The delegations framework should be strengthened so that only authorized people make financial commitments for the municipality. An example of this was the Denel training which was sanctioned by a person with no authority to do so resulting to the municipality being litigated over unpaid school fees.	Yes
	Staffing constraints in the finance department should be attended to urgently so that all SCM processes can be followed.	Yes
	Given that there are still staff constraints in the finance department, management should consider appointing a service provider to assist with the preparation of interim financial statement. The statements should then be submitted to the internal audit unit for review.	Yes
	Asset register should be updated continuously and not wait for year end.	Yes
	CFO should develop strategies of improving asset management in the municipality.	Yes
	All outstanding monthly reconciliation of accounts should be done by end January 2012.	Yes
	Senior management should ensure that their departmental performance reports are accurate before they are submitted for consolidation into the institutional report.	Yes
	Management should improve on the preparation of portfolio of evidence to accompany their performance reports.	
	Performance reports should be subjected to internal audit review on a continuous basis.	Yes

ANNEXURE H – LONG TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIPS

There was none for 2011/12

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O.R. TAMBO DISTRICT MUNICIPALITY

CONSOLIDATED FINANCIAL STATEMENTS

for the period ended 30 June 2012

General Information

Legal form of entity	An organ of state within the local sphere of government exercising legislative and executive authority.
Nature of business and principal activities	Providing municipal services, infrastructure development and furthering the interests of the community mainly in Mthatha in the Eastern Cape.
The following is included in the scope of operation	Area DC15, as a district municipality, as demarcated by the Demarcation Board and indicated in the demarcation map published for DC15.

Mayoral committee

Executive Mayor	Myolwa D J
Speaker	Meth N

Members

Dyule N W	Ngozi W
Mambila L N	Nkani B J
Mbede B	Nogumla R Z
Mlamli S	Socikwa M C
	Soguntuza N

Councillors

Betele S	Mpemnyama N
Bunzana M	Mtwa M
Capa N Y	Mvamveki R N
Dambuza M B	Mziba L
Dangala V	Ndlela N A
Dawedi A M	Ndlobongela B
Dudumayo R B	Ndude L M
Gogo M	Ndzwayiba M W
Gwadiso V O	Nelani N
Hibhane Z	Ngabayena M
Khotsholo B	Njemla S N
Khupelo T E	Nkungu M I
Kotana M P J	Ntobongwana N
Magaya F A	Ntshoyi N P
Makhedama M	Ntshuba V W
Malangeni Z L	Pepping P N
Mamve N N	Ruleni S
Mandita K D	Sigcau M
Maqabuka Z	Sikhonkothela N
Mathe M S	Thiyeka N
Matomane N R	Thwatshuka D
Mazuza C S	Xangayi C T
Mbotshwa N	Zweni R M
Mgugudo N O	
Mnvanyashe M N	
Mnyanda V	

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Grading of local authority	Category 4 municipality as defined by the Municipal Structures Act, 1998 (Act No. 117 of 1998).
Accounting Officer	Hlazo HT
Chief Finance Officer (CFO)	Moleko M E
Registered office	O.R. Tambo House Nelson Mandela Drive Myezo Park Mthatha
Business address	Nelson Mandela Drive Myezo Park Mthatha Eastern Cape 5099
Postal address	PO Box X 6043 Mthatha 5099
Bankers	First National Bank
Auditors	Auditor-General
Attorneys	FT Tayi Attorneys Jojo Attorneys Jolwana Mgidlana Attorneys WT Mnqandi Attorneys
Enabling legislation	Treasury Regulations Division of Revenue Act, 2012 (Act No. 5 of 2012) Municipal Finance Management Act, 2003 (Act No. 56 of 2003) Municipal Systems Act, 2000 (Act No. 32 of 2000)
Website	www.ortambodm.org.za

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Index

The reports and statements set out below comprise the annual financial statements presented to the council:

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Cash Flow Statement	
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Abbreviations

COID	Compensation for Occupational Injuries and Diseases
DBSA	Development Bank of South Africa
DoRA	Division of Revenue Act
GRAP	Generally Recognised Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
IPSAS	International Public Sector Accounting Standards
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)
SALGA	South African Local Government Association
SARS	South African Revenue Services

Accounting Officer's Responsibilities and Approval

I am responsible for the presentation of these annual financial statements in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of councillors as disclosed in these annual financial statements, are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

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HLAZO H T
Municipal Manager

Mthatha
31 August 2012

Accounting Officer's Report

The accounting officer submits his report for the year ended 30 June 2012.

1. Review of activities

Main business and operations

The municipality is engaged in providing municipal services, infrastructure development and furthering the interests of the community mainly in Mthatha and operates principally in the Eastern Cape province. The operating results and state of affairs of the municipality are fully set out in the attached annual financial statements and do not in our opinion require any further comment.

Net loss of the municipality was R 122 922 074 (2011: surplus R 375 480 649).

2. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

3. Subsequent events

The accounting officer is not aware of any other matter or circumstance, except as disclosed in note 41 of the annual financial statements, arising since the end of the financial year.

4. Accounting Officer's interest in contracts

The accounting officer has no interests in contracts for the year under review.

5. Accounting policies

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP), including any interpretations and directives issued by the Accounting Standards Board and in accordance with section 122(3) of the Municipal Finance Management Act.

6. Accounting Officer

The accounting officer of the municipality during the year and to the date of this report is as follows:

Name	Nationality
Hlazo H T	South African

O. R. TAMBO DISTRICT MUNICIPALITY
CONSOLIDATED FINANCIAL STATEMENTS
STATEMENT OF FINANCIAL POSITION
as at 30 June 2012

		Group		Municipality	
	Note	30 June 2012	30 June 2011	30 June 2012	30 June 2011
ASSETS		R	R	R	R
Current Assets		**542,538,125**	**229,280,254**	**511,539,514**	**213,424,910**
Cash and cash equivalents	5	454,616,303	158,646,854	427,551,056	146,955,781
Trade receivables from exchange transactions	6	68,620,293	16,718,130	68,600,732	16,710,240
Inventories	7	13,282,600	13,165,574	13,055,172	13,080,243
Other receivables from exchange transactions	8	3,420,119	1,394,603	2,332,554	1,128,772
VAT receivable	15	2,598,810	39,355,093	-	35,549,874
Non-Current Assets		**3,394,493,434**	**3,882,319,101**	**3,386,826,228**	**3,874,163,116**
Intangible assets	9	274,075	1,655,501	146,015	1,571,952
Investment property	12	2,200,000	2,200,000	2,200,000	2,200,000
Infrastructure, property, plant and equipment	10	3,378,249,163	3,867,059,123	3,371,935,367	3,860,343,087
Biological assets	11	13,770,196	11,404,477	12,544,846	10,048,077
Total Assets		**3,937,031,559**	**4,111,599,355**	**3,898,365,742**	**4,087,588,026**
LIABILITIES					
Current Liabilities		**596,596,535**	**207,545,466**	**581,064,608**	**195,029,193**
Trade and other payables	13	203,322,407	140,208,104	197,994,902	135,276,711
Consumer deposits	14	1,053,097	678,997	1,053,097	678,997
Obligations under transfer arrangements	17	385,396,919	66,430,924	375,230,087	58,882,190
Finance lease liability	18	191,295	191,295	191,295	191,295
Operating lease liability	45	37,590	36,146	-	-
VAT payable	15	6,595,227	-	6,595,227	-

Non-current Liabilities		**1,734,939**	**548,922**	**1,734,939**	**548,922**
Finance lease liability	18	1,734,939	548,922	1,734,939	548,922
Total liabilities		**598,331,474**	**208,094,388**	**582,799,547**	**195,578,115**
NET ASSETS		**3,338,700,085**	**3,903,504,967**	**3,315,566,195**	**3,892,009,911**
Accumulated surplus		3,338,700,085	3,903,504,967	3,315,566,195	3,892,009,911
Total net assets		**3,937,031,559**	**4,111,599,355**	**3,898,365,742**	**4,087,588,026**

O. R. TAMBO DISTRICT MUNICIPALITY
CONSOLIDATED FINANCIAL STATEMENTS
STATEMENT OF FINANCIAL PERFORMANCE
for the period ended 30 June 2012

		Group		Municipality	
	Note	**30 June 2012**	**30 June 2011**	**30 June 2012**	**30 June 2011**
		R	**R**	**R**	**R**
REVENUE					
Revenue from exchange transactions		**120,794,902**	**106,045,935**	**120,794,902**	**106,045,935**
Service charges	19	120,794,902	106,045,935	120,794,902	106,045,935
Revenue from non-exchange transaction		**874,804,916**	**1,023,472,770**	**862,938,342**	**1,008,949,690**
Government grants and subsidies	21	874,804,916	1,023,472,770	862,938,342	1,008,949,690
Rental income		15,453	156,182	15,453	36,420
Other income	22	43,288,413	71,403,726	38,774,610	68,689,338
Finance income- Investment	20	14,820,593	18,939,288	14,237,907	18,669,408
Finance income- Other	20	19,635,724	17,967,641	18,526,873	17,846,655
Total income		**1,073,360,001**	**1,237,985,542**	**1,055,288,087**	**1,220,237,446**
EXPENDITURE					
Employee Related Costs	23	216,041,985	200,798,706	194,323,905	179,201,544
Remuneration of councillors	23	9,374,636	8,358,781	9,374,636	8,358,781
Debt impairment	6.2 & 8.2	104,076,135	58,172,992	103,239,594	58,112,922
Depreciation and amortisation	24	175,981,362	140,333,897	174,830,264	138,498,691
Impairment loss	31	200,172	401,622	107,222	214,622
Repairs and maintenance		36,339,848	24,483,382	35,576,161	24,356,442
Finance cost	25	945,851	190,561	15,850	91,301

Bulk purchases	26	27,807,876	16,406,149	27,807,876	16,406,149
Contracted services	27	6,971,592	5,678,151	6,971,592	5,678,151
Grants and subsidies paid	28	16,265,895	6,170,854	72,682,280	43,071,724
General expenses	29	592,389,100	406,593,866	554,789,022	374,826,812
Total expenses		**1,186,394,452**	**867,588,961**	**1,179,718,402**	**848,817,139**
Gain (loss) on sale of assets	30	(819,634)	2,213,805	(736,134)	2,213,805
Increase in fair value of biological assets	32	2,570,845	2,054,637	2,244,375	1,846,537
(DEFICIT)/ SURPLUS FOR THE YEAR		**(111,283,240)**	**374,665,023**	**(122,922,074)**	**375,480,649**

OR TAMBO DISTRICT MUNICIPALITY
CONSOLIDATED FINANCIAL STATEMENTS
STATEMENT OF CHANGES IN NET ASSETS
for the period ended 30 June 2012

Group

	Note	Accumulated Surplus/(Deficit) R	Total: Net Assets R
Balance at 30 June 2010		**3,441,367,405**	**3,441,367,405**
Prior period adjustments	35	87,472,248	87,472,248
Other movement		291	291
Profit for the year		374,665,023	374,665,023
Balance at 30 June 2011		**3,903,504,967**	**3,903,504,967**
Correction of prior period errors	35	(453,521,904)	(453,521,904)
Other movement in reserves		262	262
Deficit for the year		(111,283,240)	(111,283,240)
Balance at 30 June 2012		**3,338,700,085**	**3,338,700,085**

Municipality

	Accumulated Surplus/(Deficit) R	Total: Net Assets R
Balance at 30 June 2010	**3,429,051,956**	**3,429,051,956**
Prior period adjustments	87,477,015	87,477,015
Other movement	291	291
Profit for the year	375,480,649	375,480,649
Balance at 30 June 2011	**3,892,009,911**	**3,892,009,911**
Correction of prior period errors	(453,521,904)	(453,521,904)
Other movement in reserves	262	262
Deficit for the year	(122,922,074)	(122,922,074)
Balance at 30 June 2012	**3,315,566,195**	**3,315,566,195**

	Note	Group		Municipality	
		30 June 2012 R	30 June 2011 R	30 June 2012 R	30 June 2011 R
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts:		1,264,024,849	1,145,309,367	1,256,229,561	1,133,136,182
Sales of goods and services		43,092,202	44,693,960	41,841,093	43,126,490
Grants		1,182,567,725	1,014,912,172	1,179,286,240	1,005,453,375
Interest received		32,764,780	36,516,063	32,764,780	36,516,063
Other receipts		5,600,142	49,187,172	2,337,448	48,040,254
Payments:		(848,382,116)	(769,586,020)	(856,145,673)	(754,629,054)
Employee costs		(224,064,792)	(204,794,984)	(202,346,712)	(183,197,822)
Suppliers and other		(624,317,324)	(564,791,036)	(653,798,961)	(571,431,232)
Cash generated by / (utilised in) operations	33	**415,642,733**	**375,723,347**	**400,083,888**	**378,507,128**
Interest earned		582,686	269,880	**-**	**-**
Finance costs		(945,851)	(190,561)	(15,850)	(91,301)
Financial discounting		1,108,851	120,986	-	-
Net cash flows from operating activities		**416,388,419**	**375,923,652**	**400,068,038**	**378,415,827**
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of fixed assets		(121,977,845)	(300,081,851)	(120,942,313)	(299,959,683)
Purchase of intangible assets		(242,849)	(27,826)	(172,289)	(27,826)
Purchase of biological assets		(740,256)	-	(720,256)	-
Proceeds on disposal of fixed assets		-	14,701	-	-
Proceeds on disposal of biological assets and produce		981,864	3,704,649	801,978	3,590,889
Net cash flows from investing activities		**(121,979,086)**	**(296,390,327)**	**(121,032,880)**	**(296,396,620)**
CASH FLOWS FROM FINANCING ACTIVITIES					

Repayment of capital portion of finance lease		(203,544)	(537,177)	(203,544)	(537,176)
Advances on Consumer deposits		374,100	494,702	374,100	494,700
Increase in finance lease liability		1,389,560	-	1,389,561	-
Net cash flows from financing activities		**1,560,116**	**(42,475)**	**1,560,117**	**(42,476)**
Net decrease in net cash and cash equivalents		**295,969,449**	**79,490,850**	**280,595,275**	**81,976,731**
Net cash and cash equivalents at beginning of period		**158,646,854**	**79,156,004**	**146,955,781**	**64,979,050**
Net cash and cash equivalents at end of period	34	**454,616,303**	**158,646,854**	**427,551,056**	**146,955,781**

Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board in accordance with section 122(3) of the Municipal Finance Management Act, (Act No.56 of 2003). These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

The annual financial statements have been prepared on a going concern basis.

A summary of the significant accounting policies, which have been consistently applied, are disclosed below. Accounting policies for material transactions, events or conditions not covered by the Standards of GRAP have been developed in accordance with paragraphs 7, 11 and 12 of GRAP 3 Accounting policies, changes in accounting estimates and errors. These accounting policies and the applicable disclosures have been based on International Public Sector Accounting Standards (IPSAS) and the South African Statements of Generally Accepted Accounting Practice (SA GAAP), including any interpretations of such statements issued by the Accounting Practices Board.

1.1 Presentation of currency

These annual financial statements are presented in South African Rand, which is the municipality's functional currency. All financial information has been rounded to the nearest Rand.

1.2 Offsetting

Financial assets and liabilities are set off and the net amount presented in the statement of financial position when, and only when, the municipality has a legal right to set off amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

1.3 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year. The nature and amounts of reclassifications as well as the reasons are disclosed in the notes.

1.4 Use of estimates and judgements

The preparation of annual financial statements in conformity with Standards of GRAP requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the municipality's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the annual financial statements are disclosed in the relevant sections of the annual financial statements. Although these estimates are based on management's best knowledge of current events and actions they may undertake in the future, actual results ultimately may differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the annual financial statements as well as assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included below.

1.5 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

Impairment of consumer debtors and trade and other receivables

The impairment of the municipality's consumer debtors and trade and other receivables is based on incurred losses in accordance with the requirements of GRAP 104. The historical loss experience of the municipality, based on observable data through the passage of time, is used to estimate the impairment of trade and other receivables. Any changes in the payment status of customers in a specific group or national or local economic conditions that correlate with defaults on the assets in the group will have an impact on the impairment of consumer and trade and other receivables.

Allowance for slow moving, damaged and obsolete stock

Management has made estimates of the selling price and direct cost to sell of certain inventory items to calculate the allowance to write stock down to the lower of cost or net realisable value.

Fair value estimation

Buildings and farm land are stated at revalued amounts based on valuation techniques and market information. The actual value of these items could differ from those estimated.

Investment property is measured at fair value amounts based on valuation techniques and market information. The actual value of these items could differ from those estimated.

Depreciation and the carrying value of items of property, plant and equipment

The estimation of the useful lives of assets is based on management's judgement. Any material adjustment to the estimated remaining useful lives of items of property, plant and equipment will have an impact on the carrying value of these items.

Biological asset valuations

The fair value less estimated point-of-sale costs used to value biological assets requires management to make certain assumptions which are subject to change. The current assumptions are as follows:

- Cattle are valued at the prevailing market rates, as determined by breed, genetic merit and age less point of sale costs.
- Fruit trees, harvest and vegetables are valued by way of arms length transaction that would have been applied / prevailing in replacing the existing fruit trees, harvest and vegetables with new fruit trees, harvest and vegetables.

Determination of the recoverable amount of cash-generating assets

Where impairment indicators exist, the determination of the recoverable amount of assets or cash generating units require management to make assumptions to determine the value in use. Key assumptions on which management has based its determination of value in use include projected revenues, earnings multiple, capital expenditure and market share. The judgements, assumptions and methodologies used can have a material impact on the value in use and ultimately the amount of the impairment.

Determination of the recoverable service amount of non-cash generating assets

Where impairment indicators exist, the determination of the recoverable service amount of non-cash generating assets requires management to make assumptions to determine the value in use based on the depreciated replacement cost approach. Key assumptions include the current replacement cost of non-cash generating assets and assumptions about the age of non-cash generating assets to determine the depreciated replacement cost.

1.6 Inventories

Cost

The cost of inventories comprises all costs of purchase, cost of conversion and other cost incurred in bringing the inventory to its present location and condition. Where inventories are acquired at no cost, or for nominal consideration, the cost is deemed to be the fair value as at the date of acquisition. Cost is determined using the first-in-first-out principle except where stated otherwise. The cost of agricultural produce harvested from biological assets is initially measured at fair value less estimated point of sale costs.

Subsequent measurement

Consumable stores and maintenance materials are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Inventories are measured at the lower of cost and current replacement cost where they are held for:

- Distribution at no charge or for a nominal charge; or
- Consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Current replacement cost is the cost the municipality incurs to acquire the asset on the reporting date. Redundant and slow-moving inventories are identified and written down to net realisable value. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

Water inventory

Water inventory consist of:

- Raw materials;
- Water in purification (work in progress); and
- Clean water (Finished goods).

The cost of water inventory (clean water and water in purification) includes the cost of buying water, cost incurred in maintaining that water as well as the cost of chemicals and labour used to maintain and clean the water to its usable state. Cost of water inventory (finished goods) is determined on a first-in-first-out basis.

Raw materials is initially measured at cost. Where inventory is acquired at no cost, cost is deemed to be the fair value as at the date of acquisition. Water inventory is only recognised once the municipality can demonstrate that it controls the water, it is probable that future economic benefits or service potential will flow to the municipality and the cost can be measured reliably. Control over water commences once it enters the purification process, or the O.R. Tambo infrastructure. The water levels in reservoir are based on cubic meter capacity taking into account the capacity of the reservoir, based on land surveying reports and the curve of the reservoir. Readings of raw water levels are taken at year-end, which is quantified using the cost of raw water at acquisition.

Water and purified effluent are measured at the lowest of purified cost and net realisable value in so far as it is stored and controlled in reservoirs at year-end.

1.7 Biological assets

Biological assets are measured at their fair value less point-of-sale costs.

The fair value of livestock is determined based on market prices of livestock of similar age, breed, and genetic merit. The fair value of tree plantations, harvest and vegetables is based on an arms' length transaction that would have been applied/ prevailing in replacing the existing tree plantations with trees of a similar age and fruit bearing capacity.

A gain or loss arising on initial recognition of biological assets at fair value less estimated point-of-sale costs and from a change in fair value less estimated point-of-sale costs of a biological assets is included in surplus or deficit for the period in which it arises. Where market determined prices or values are not available, the present value of the expected net cash inflows from the asset, discounted at a current market-determined pre-tax rate where applicable is used to determine fair value.

1.8 Investment property

Investment property is property held to earn rentals or for capital appreciation or both, rather than for:

- Use in the production or supply of goods or services or for
- Administrative purposes, or
- Sale in the ordinary course of operations.

Owner-occupied property is property held for use in the production or supply of goods or services or for administrative purposes and is classified as property, plant and equipment.

Property leased at less than commercial rates to achieve service delivery is held in production of services and classified as property, plant and equipment.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Where investment property is acquired at no cost or for a nominal cost, its cost is its fair value as at the date of acquisition.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Fair value

Subsequent to initial measurement investment property is measured at fair value.

The fair value of investment properties is determined at the reporting date by an independent valuer who holds a recognised and relevant professional qualification and has recent experience in the location and category of the investment property being valued. The valuations are based on the value of similar properties in the market.

A gain or loss arising from a change in fair value is included in net surplus or deficit for the period in which it arises.

When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

Disposal

Investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

Gains or losses arising from the disposal of investment property are calculated as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in surplus or deficit in the period of disposal.

Compensation from third parties for investment property that was impaired, lost or given up is recognised in surplus or deficit when the compensation becomes receivable.

1.9 Property, plant and equipment

Initial recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses except for land and buildings which are carried at revalued amounts.

The revaluation surplus relating to a specific item of property, plant and equipment is transferred directly to accumulated surplus or deficit when the asset is derecornised.

Any accumulated depreciation at the date of the revaluation is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Where an asset is acquired at no cost, or for a nominal cost, its cost is its fair value as at date of acquisition

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or a combination of monetary and non-monetary assets, the cost of the asset acquired is initially measured at fair value. If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset given up.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. Any increase in an asset's carrying amount, as a result of a revaluation, is credited directly to a revaluation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in surplus or deficit in the current period. The decrease is however debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

Farm land

Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

Subsequent cost

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits or service potential associated with the item will flow to the municipality and the cost or fair value of the item can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, infrastructure and equipment are recognised in surplus or deficit as incurred.

Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset less its residual value. Depreciation commences when an asset is available for use and ceases at the earlier of the date that the asset is derecognised or classified as held for sale in accordance with GRAP 100 Non-current assets held for sale and discontinued operations. A non-current asset or disposal group is not depreciated while it is classified as held for sale. Depreciation is recognised in surplus or deficit on a straight-line basis over the estimated useful lives of each component (if the components are significant and have different useful lives) of property, infrastructure and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Land is not depreciated.

Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the municipality will obtain ownership by the end of the lease term. Incomplete construction work is stated at historical cost. Depreciation only commences when the asset is available for use.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Estimated useful life
Land and buildings	
Buildings	30 - 40 years
Farm land	Not depreciated
Other land	Not depreciated
Infrastructure	
Roads	3 - 67 years
Sewerage	15 - 50 years
Storm water drains	5 - 100 years
Water	5 - 15 years
Other property, plant and equipment	
Computer equipment	3 - 7 years
Emergency equipment	5-15 years
Furniture and fittings	7 years
Plant and equipment	1- 12 years
Motor vehicles	5-10 years
Office equipment	3 - 7 years
Park homes	15 years
Parking area	5 years
Security systems	5 - 7 years
Tools and equipment	10 years
Leased	
Office equipment	5 years

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate. Assets leased under operating leases, except for property interests held by the municipality as investment property, are not recognised in the statement of financial position.

Spare parts

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment. Depreciation commences when the Major spare parts are available for use.

Derecognition

An item of property, plant and equipment is derecognised on disposal or when no future economic benefits or service potential is expected from its continued use or disposal. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within other income in surplus or deficit.

Leased assets

Leases in terms of which the municipality assumes substantially all the risks and rewards of ownership are classified as finance leases. Other leases are classified as operating leases. Upon initial recognition of assets leased under finance leases, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

The depreciation expense for each period is recognised in surplus or deficit. Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

1.10 Heritage assets

Recognition

Heritage assets are assets that are normally held indefinitely for their unique cultural, environmental, historical, natural, scientific, technological or artistic significance for the benefit of future generations. Certain heritage assets are described as "inalienable items" meaning that assets which are retained indefinitely by the municipality and cannot be disposed of without consent as required by law or otherwise.

Initial measurement

On the date of initial recognition, heritage assets are measured at cost. Where a heritage asset is acquired through a non-exchange transaction, the cost is its fair value as at the date of acquisition.

Subsequent measurement

After recognition as an asset, a class of heritage assets is carried at its cost less any accumulated impairment losses.

Impairment

The municipality assess at each reporting date whether there is an indication that it may be impaired. If any such indication exists, the municipality estimates the recoverable amount or the recoverable service amount of the heritage asset.

Derecognition

The municipality derecognises heritage asset on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of a heritage asset is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the heritage asset. Such difference is recognised in surplus or deficit when the heritage asset is derecognised.

1.11 Intangible assets

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in surplus or deficit when incurred.

Intangible assets that are acquired by the municipality and have finite useful lives are initially recognised at cost and subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Where an intangible asset is acquired at no cost, or for a nominal cost, the cost is deemed to be its fair value as at the date of acquisition.

Subsequent expenditure on Intangible assets shall be recognised as an expense when it is incurred unless it forms part of the cost of an intangible asset that meets the recognition criteria. All other expenditure, including expenditure on internally generated goodwill and customer lists, is recognised in surplus or deficit as incurred.

Amortisation

Amortisation is calculated over the cost of the asset, or other amount substituted for cost, less its residual value. Amortisation is recognised in surplus or deficit on a straight-line basis over the estimated useful lives of intangible assets, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits or service potential embodied in the asset. The estimated useful lives for the current and comparative periods are as follows:

Item	**Useful life**
Computer software and Ward Based Database	3 years

Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

1.12 Investments in controlled entities

Investments in controlled entities are carried at cost less any accumulated impairment. The cost of an investment in controlled entity is the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the municipality. An adjustment to the cost of a entity combination contingent on future events is included in the cost of the combination if the adjustment is probable and can be measured reliably.

1.13 Financial instruments

Classification

The municipality classifies financial instruments, or their component parts, on initial recognition as financial assets, financial liabilities or equity instruments in accordance with the substance of the contractual arrangement.

Non-derivative financial assets

The municipality initially recognises loans and receivables on the date that they are originated. All other financial assets are recognised initially on the trade date at which the municipality becomes a party to the contractual provisions of the instrument.

The municipality derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the municipality is recognised as a separate asset or liability.

The municipality has the following classes and categories of financial assets as reflected on the face of the statement of financial position or in the notes thereto:

Class of financial asset	GRAP 104 category
Trade and other receivables from exchange transactions (consumer debtors)	Loans and receivables
Cash and cash equivalents	Loans and receivables

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less an allowance for impairment losses.

Interest is levied on past due consumer debtors at a market related rate.

Cash includes cash-on-hand and cash with banks. Cash equivalents are short-term highly liquid investments that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. Bank overdrafts that are repayable on demand and form an integral part of the municipality's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Non-derivative financial liabilities

The municipality initially recognises financial liabilities, on the trade date at which the municipality becomes a party to the contractual provisions of the instrument.

The municipality derecognises a financial liability when its contractual obligations are discharged, cancelled or expire. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in surplus or deficit.

The municipality has the following classes of financial liabilities as reflected on the face of the statement of financial position or in the notes thereto:

- Trade and other payables from exchange transactions
- Bank overdraft
- Consumer deposits

The above financial liabilities form part of the “other financial liabilities carried at amortised cost” category per GRAP 104 and are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method.

Bank overdraft and borrowings

Bank overdrafts and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the municipality’s accounting policy for borrowing costs.

Impairment of financial assets

A financial asset, carried at amortised cost, is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the municipality on terms that the municipality would not consider otherwise and indications that a debtor or issuer will enter bankruptcy.

The municipality considers evidence of impairment at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. A report on the various categories of customers is drafted to substantiate the impairment evaluation. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

In assessing collective impairment the municipality uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Impairment losses are recognised in surplus or deficit and reflected in an allowance account against receivables. If impaired financial assets are written off, the write off is made against the allowance account. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through surplus or deficit, subject to the restriction that the carrying amount of the financial instrument shall not exceed what the amortised cost would have been had the impairment not been recognised.

Non-financial assets

Cash-generating assets are those assets held by the municipality with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return. Non-cash-generating assets are assets other than cash-generating assets. The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

1.14 Impairment of cash-generating assets

The carrying amounts of the municipality's cash generating non-financial assets, other than inventories and biological assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

If it is not possible to estimate the recoverable amount of the individual asset, the municipality determines the recoverable amount of the cash-generating unit to which the asset belongs. For the purpose of impairment testing, assets are therefore grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in surplus or deficit. Impairment losses are recognised against the revaluation reserve to the extent that it relates to a revalued item of property, infrastructure or equipment.

Impairment losses recognised in respect of cash-generating units are allocated on a pro rata basis to reduce the carrying amounts of the other assets in the unit. The allocation of impairment losses to assets in a cash generating unit may not reduce the carrying amount of such assets below the highest of its fair value less costs to sell, value in use and zero.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of its recoverable amount and the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

Any reversal of an impairment loss of a revalued item of property, plant or equipment is treated as a revaluation increase. However, to the extent that an impairment loss on the same revalued asset was previously recognised in surplus or deficit, a reversal of that impairment loss is recognised in surplus or deficit.

1.15 Impairment of non-cash-generating assets

The carrying amounts of the municipality's non-cash generating assets are reviewed at each reporting date to determine whether there is any indication of impairment. A non-cash-generating asset is impaired when the carrying amount of the asset exceeds its recoverable service amount. The recoverable service amount is the greater of an asset's fair value less costs to sell and its value in use.

The value in use of a non-cash-generating asset is the present value of the non-cash-generating asset's remaining service potential. The value in use of the remaining service potential of a non-cash-generating asset is determined using the following approach:

Depreciated replacement cost approach - The present value of the remaining service potential of a non-cash-generating asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential.

The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable service amount. Impairment losses are recognised in surplus or deficit. Impairment losses are recognised against the revaluation reserve to the extent that it relates to a revalued item of property, plant or equipment. Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable service amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Any reversal of an impairment loss of a revalued item of property, plant or equipment is treated as a revaluation increase where appropriate. However, to the extent that an impairment loss on the same revalued asset was previously recognised in surplus or deficit, a reversal of that impairment loss is recognised in surplus or deficit.

1.16 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Finance leases – lessee

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability. Any contingent rents are expensed in the period in which they are incurred.

Operating leases – lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term. Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

1.17 Tax

Value added tax (VAT)

The municipality accounts for VAT on the cash basis. The municipality is liable to account for VAT at the standard rate (14%) in terms of section 7 (1) (a) of the VAT Act in respect of the supply of goods or services, except where the supplies are specifically zero-rated in terms of section 11, exempted in terms of section 12 of the VAT Act or are scoped out for VAT purposes. The municipality accounts for VAT on a monthly basis.

1.18 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The expected cost of bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past service or performance and the obligation can be estimated reliably.

Liabilities for short-term employee benefits that are unpaid at year-end are measured at the undiscounted amount that the municipality expects to pay in exchange for that service and had accumulated at the reporting date.

Multi-employer plans and/or State plans and/or Composite social security programmes

The municipality classifies a multi-employer plan and/or state plans and/or composite social security programmes as a defined contribution plan or a defined benefit plan under the terms of the plan (including any constructive obligation that goes beyond the formal terms). Where a plan is a defined contribution plan, the municipality accounts for in the same way as for any other defined contribution plan.

Where a plan is a defined benefit plan, the municipality account for its proportionate share of the defined benefit obligation, plan assets and cost associated with the plan in the same way as for any other defined benefit plan. When sufficient information is not available to use defined benefit accounting for a plan, that is a defined benefit plan, the municipality account for the plan as if it was a defined contribution plan.

Post-employment benefits: Defined contribution plans

A defined contribution plan is a plan under which the municipality pays fixed contributions into a separate entity. The municipality has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to service in the current or prior periods. The municipality's contributions to the defined contribution funds are established in terms of the rules governing those plans. Contributions are recognised in surplus or deficit in the period in which the service is rendered by the relevant employees, unless another standard requires or permits the inclusion of the contribution in the cost of an asset. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

Where contributions to a defined contribution plan do not fall due wholly within twelve months after end of the period in which the employees render the related service, they are discounted using a risk-free rate determined by reference to market yields at the reporting date on government bonds, or by reference to market yields on high quality corporate bonds.

Post-employment benefits: Defined benefit plans

Defined benefit plans are post-employment benefit plans other than defined contribution plans. Actuarial gains and losses comprise experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions. In measuring its defined benefit liability the municipality recognise actuarial gains and losses in surplus or deficit in the reporting period in which they occur.

Assets held by a long-term employee benefit fund are assets that are held by an municipality that is legally separate from the municipality and exists solely to pay or fund employee benefits and are available to be used only to pay or fund employee benefits,and are not available to the municipality's own creditors, and cannot be returned to the municipality, unless either:

- the remaining assets of the fund are sufficient to meet all the related employee benefit obligations of the plan or the reporting municipality; or

- the assets are returned to the municipality to reimburse it for employee benefits already paid.

Current service cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

Interest cost is the increase during a period in the present value of a defined benefit obligation which arises because the benefits are one period closer to settlement.

Past service cost is the change in the present value of the defined benefit obligation for employee services rendered in prior periods relating to changes to post-employment benefits or other long-term employee benefits. In measuring its defined benefit liability the entity recognise past service cost as an expense in the reporting period in which the plan is amended.

The entity account not only for its legal obligation under the formal terms of a defined benefit plan, but also for any constructive obligation that arises from the municipality's informal practices. Informal practices give rise to a constructive obligation where the municipality has no realistic alternative but to pay employee benefits.

The amount recognised as a defined benefit liability is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets, out of which the obligations are to be settled directly;
- plus any liability that may arise as a result of a minimum funding requirement

The amount determined as a defined benefit liability may be negative (an asset). The municipality measure the resulting asset at the lower of:

- the amount determined above; and
- the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The present value of these economic benefits is determined using a discount rate which reflects the time value of money.

Any adjustments arising from the limit above is recognised in surplus or deficit. The municipality determine the present value of defined benefit obligations and the fair value of any plan assets with sufficient regularity such that the amounts recognised in the annual financial statements do not differ materially from the amounts that would be determined at the reporting date.Actuarial valuations are conducted The municipality recognises the net total of the following amounts in surplus or deficit, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement rights;

- actuarial gains and losses;
- past service cost;
- the effect of any curtailments or settlements; and
- the effect of applying the limit on a defined benefit asset (negative defined benefit liability).

The municipality uses the Projected Unit Credit Method to determine the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost. The Projected Unit Credit Method sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

The municipality recognises gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on a curtailment or settlement comprises:

- any resulting change in the present value of the defined benefit obligation; and
- any resulting change in the fair value of the plan assets.

Before determining the effect of a curtailment or settlement, the municipality re-measure the obligation and the related plan assets if any, using current actuarial assumptions.

1.19 Provisions and contingencies

A provision is recognised if, as a result of a past event, the municipality has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation. The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the municipality from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of fulfilling the contract.

Reimbursements

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when it is virtually certain that reimbursement will be received if the municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Restructuring's

A provision for restructuring is recognised when the municipality has approved a detailed and formal restructuring plan and the restructuring either has commenced or has been announced publicly.

1.20 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners. An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Revenue is generally recognised when it is probable that future economic benefits or service potential will flow to the municipality and these benefits or service potential can be measured reliably, except when specifically stated otherwise. Revenue from the rendering of services is recognised in surplus or deficit in proportion to the stage of completion of the transaction at the reporting date. Revenue is measured at the fair value of the consideration received or receivable, net of value added tax, estimated returns, rebates and discounts.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Service charges relating to distribution of water are based on consumption. Meters are read on a monthly basis and revenue is recognised when invoiced. Provisional estimates of consumption, based on the consumption history, are made on a monthly basis when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced, except at year-end when estimates of consumption up to year-end are recorded as revenue without it being invoiced. In respect of estimates of consumption between the last reading date and the reporting date, an accrual is raised based on the average monthly consumption.

Adjustments to provisional estimates of consumption are made in the invoicing period in which meters are read. These adjustments are recognised as an increase or decrease in revenue in the invoicing period. Estimates of consumption between meter readings are based on average consumption for the preceding three months.

Service charges from sewerage and sanitation services are based on the type of service and the number of sewer connections on all developed property, using the tariffs approved by Council. Revenue is recognised on a monthly basis.

Interest

Interest income is recognised in surplus or deficit as it accrues, using the effective interest method. Interest earned on unutilised conditional grants is recognised as an unspent conditional grants liability if the grant conditions indicate that interest is payable to the grantor.

Rentals received

Rental income from operating leases is recognised on a straight line basis over the lease term.

Tariff charges

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant authorised tariff.

1.21 Revenue from non-exchange transactions

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, a municipality either receives value from another municipality without directly giving approximately equal value in exchange, or gives value to another municipality without directly receiving approximately equal value in exchange.

Revenue from exchange transactions includes revenue from trading activities and other services provided while revenue from non-exchange transactions includes rates levied, donations and grants from other spheres of government. Revenue from non-exchange transactions is recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, the amount of the revenue can be measured reliably and, if applicable, there has been compliance with the relevant legal requirements or restrictions.

Revenue from recovery of unauthorised, irregular, fruitless and wasteful expenditure

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the definition and recognition criteria of an asset has been met.

Gifts, donations and contributions, including goods in-kind

Gifts and donations, including goods in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

Revenue from donations is recognised when it is probable that the economic benefits or service potential will flow to the municipality, the amount of the revenue can be measured reliably and any restrictions associated with the donation have been met. Revenue from donations is measured at the fair value of the consideration received or receivable which is the cash amount received or where the donation is in the form of property, plant and equipment, the fair value of the property, plant and equipment received or receivable.

Services in-kind

Services in-kind are not recognised.

1.22 Conditional grants and receipts

Revenue from conditional grants is recognised when it is probable that the economic benefits or service potential will flow to the municipality, the amount of the revenue can be measured reliably and to the extent that there has been compliance with any restrictions associated with the grant.

Unconditional grants and receipts

Revenue from unconditional grants is recognised when it is probable that the economic benefits or service potential will flow to the municipality and the amount of the revenue can be measured reliably. Since these grants are unconditional and there are no attached restrictions, the grants are recognised as revenue in the reporting period in which the recognition criteria are met.

1.23 Donations made and grants in aid

The municipality transfers money to individuals, organisations and other sectors of government from time to time. When making these transfers, the municipality does not:

- Receive any goods or services directly in return, as would be expected in a purchase or sale transaction;
- Expect to be repaid in future; or
- Expect a financial return, as would be expected from an investment.

These transfers are recognised as expenses in surplus or deficit in the period that the events giving rise to the transfer occur.

1.24 Finance income and expenses

Finance income comprises interest income on funds invested in call accounts, positive bank balances as well as interest charged on debtors outstanding more than 30 days. Interest income is recognised as it accrues in surplus or deficit, using the effective interest method.

Finance expenses comprise interest expense on bank overdrafts and finance lease liabilities and impairment losses recognised on financial assets. Borrowing costs are recognised in surplus or deficit using the effective interest method.

1.25 Borrowing costs

Borrowing costs are capitalised in respect of qualifying assets that necessarily take a substantial period to get ready for their intended use. If the carrying amount of the qualifying asset exceeds its recoverable amount or recoverable service amount, an impairment loss is recognised for the excess amount. Borrowing costs that are not capitalised are recognised as an expense in surplus or deficit.

1.26 Unauthorised expenditure

Unauthorised expenditure means:

- Overspending of a vote or a main division within a vote; and
- Expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.27 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.28 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No 56 of 2003), the Municipal Systems Act (Act No 32 of 2000) and the Public Office Bearers Act (Act No 20 of 1998) or is in contravention of the municipality's supply chain management policies. Irregular expenditure excludes unauthorised expenditure.

Irregular expenditure is accounted for as an expense in the statement of financial performance and where recovered, it is subsequently accounted for as revenue in the statement of financial performance. If the expenditure is not condoned by the relevant authority, it is treated as a receivable if the definition and recognition criteria of an asset are met, until it is recovered or written off as irrecoverable.

1.29 Segmental information

Segmental information on property, plant and equipment, as well as income and expenditure, is set out in Appendices A and C, based on the International Government Financial Statistics classifications and the budget formats prescribed by National Treasury. The municipality operates solely in its area of jurisdiction as determined by the Demarcation Board.

Segment information is prepared in conformity with the accounting policies applied for preparing and presenting the financial statements.

1.30 Budget information

Municipality is typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar. General purpose financial reporting by municipality shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The annual financial statements and the budget have been prepared on the same basis of accounting. A comparison between the actual and the budgeted amounts for the reporting period have been included in the annual financial statements. The comparison of budgeted and actual amounts presents separately for each level of legislative oversight:

1.31 Capital commitments

A capital commitment is an agreement to undertake capital expenditure in future, which has not yet become an actual liability. Capital commitments are not recognised.

Notes to the Annual Financial Statements

2. New standards and interpretations

2.1 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2012 or later periods:

GRAP 18: Segment Reporting

The effective date of the standard will be determined by the Minister of Finance in consultation with National Treasury. The municipality does not envisage the adoption of the standard until such time as it becomes applicable to the municipality's operations. The adoption of this standard in not expected to impact on the results of the municipality, but may result in more disclosure than is currently provided in the annual financial statements.

GRAP 23: Revenue from Non-exchange Transactions

The effective date of the standard will be determined by the Minister of Finance in consultation with National Treasury. The municipality does not envisage the adoption of the standard until such time as it becomes applicable to the municipality's operations. The municipality has only applied the principles of the standard in accounting for revenue from non exchange transactions.

GRAP 24: Presentation of Budget Information in the Financial Statements

The effective date of the standard will be determined by the Minister of Finance in consultation with National Treasury. The municipality does not envisage the adoption of the standard until such time as it becomes applicable to the municipality's operations. The adoption of this standard in not expected to impact on the results of the municipality, but may result in more disclosure than is currently provided in the annual financial statements.

GRAP 103: Heritage Assets

The effective date of the standard will be determined by the Minister of Finance in consultation with National Treasury. The municipality does not envisage the adoption of the standard until such time as it becomes applicable to the municipality's operations. It is unlikely that there will be a material impact on the municipality's annual financial statements.

GRAP 21: Impairment of non-cash-generating assets

The effective date of the standard will be determined by the Minister of Finance in consultation with National Treasury. The municipality does not envisage the adoption of the standard until such time as it becomes applicable to the municipality's operations. The impact of this standard is currently being assessed.

GRAP 26: Impairment of cash-generating assets

The effective date of the standard will be determined by the Minister of Finance in consultation with National Treasury. The municipality does not envisage the adoption of the standard until such time as it becomes applicable to the municipality's operations. The impact of this standard is currently being assessed.

GRAP 25: Employee benefits

The effective date of the standard will be determined by the Minister of Finance in consultation with National Treasury. The municipality does not envisage the adoption of the standard until such time as it becomes applicable to the municipality's operations. The impact of this standard is currently being assessed.

GRAP 104: Financial Instruments

The effective date of the standard will be determined by the Minister of Finance in consultation with National Treasury. The municipality does not envisage the adoption of the standard until such time as it becomes applicable to the municipality's operations. The impact of this standard is currently being assessed.

GRAP 105 Transfers of Functions between Entities Under Common Control

The effective date of the standard will be determined by the Minister of Finance in consultation with National Treasury. The municipality does not envisage the adoption of the standard until such time as it becomes applicable to the municipality's operations. The municipality has only applied the principles of the standard in accounting for the transfers of functions.

GRAP 106 Transfers of Functions Between Entities Not Under Common Control

The effective date of the standard will be determined by the Minister of Finance in consultation with National Treasury. The municipality does not envisage the adoption of the standard until such time as it becomes applicable to the municipality's operations. It is unlikely that there will be a material impact on the municipality's annual financial statements.

GRAP 107 Mergers

The effective date of the standard will be determined by the Minister of Finance in consultation with National Treasury. The municipality does not envisage the adoption of the standard until such time as it becomes applicable to the municipality's operations. It is unlikely that there will be a material impact on the municipality's annual financial statements.

	Group		Municipality	
	30 June 2012 R	30 June 2011 R	30 June 2012 R	30 June 2011 R
5 CASH AND CASH EQUIVALENTS				
Cash and cash equivalents consist of the following:				
Bank balances				
Cash and bank	31,565,892	13,545,961	25,035,153	13,545,961
Call deposits	423,050,411	145,100,893	402,515,903	133,409,820
	454,616,303	158,646,854	427,551,056	146,955,781
The Group has the following bank accounts: -				
Current Account (Primary Bank Account)				
First National Bank, York Road: Account Number 53990137772				
Cash book balance at beginning of year	13,539,721	1,608,228	13,539,721	1,608,228
Cash book balance at end of year	24,726,006	13,539,721	24,726,006	13,539,721
Bank statement balance at beginning of year	25,983,037	49,260,977	25,983,037	49,260,977
Bank statement balance at end of the year	46,066,804	25,983,037	46,066,804	25,983,037
(Other Account - credit card)				
First National Bank, York Road: Account Number 881271004736000				
Cash book balance at beginning of year	5,344	5,344	5,344	5,344
Cash book balance at end of year	4,977	5,344	4,977	5,344
Bank statement balance at beginning of year	2,169	3,088	2,169	3,088
Bank statement balance at end of year	4,977	2,169	4,977	2,169

Current Account - petty cash

First National Bank, York Road: Account Number 621428618881

Cash book balance at beginning of year	896	1,656	896	1,656
Cash book balance at end of year	108	896	108	896
Bank statement balance at beginning of year	829	-	829	-
Bank statement balance at end of year	108	829	108	829
Total cash and cash equivalents	**454,616,303**	**158,646,854**	**427,551,056**	**146,955,781**

6 TRADE RECEIVABLES FROM EXCHANGE TRANSACTIONS

6.1 Trade receivables

Gross Balances				
Service debtors				
Water	249,287,549	172,747,064	249,287,549	172,747,064
Sewerage	41,591,194	39,177,871	41,591,194	39,177,871
Projects	40,565	7,977	-	-
Sub-total	**290,919,309**	**211,932,912**	**290,878,744**	**211,924,935**
Discounting	(203,873)	(149,387)	(203,873)	(149,300)
Total	**290,715,436**	**211,783,525**	**290,674,871**	**211,775,635**
Allowance for impairment losses				
Service debtors				
Water	(222,074,139)	(168,712,057)	(222,074,139)	(168,712,057)
Sewerage	-	(26,353,338)	-	(26,353,338)
Projects	(21,004)	-	-	-
Total	**(222,095,143)**	**(195,065,395)**	**(222,074,139)**	**(195,065,395)**
Net Balance				
Service debtors				
Water	27,213,411	4,035,007	27,213,411	4,035,007
Sewerage				

	41,591,194	12,824,533	41,591,194	12,824,533
Projects	19,561	7,977	-	-
	68,824,166	**16,867,517**	**68,804,605**	**16,859,540**
Discounting	(203,873)	(149,387)	(203,873)	(149,300)
Total	**68,620,293**	**16,718,130**	**68,600,732**	**16,710,240**

Service Debtors: Ageing

Current (0 – 30 days)	24,929,555	20,260,396	24,910,029	20,260,406
31 - 60 Days	11,390,957	11,805,119	11,390,957	11,800,915
61 - 90 Days	9,774,153	8,616,650	9,774,153	8,612,868
91 - 120 Days	10,504,948	8,215,855	10,483,909	8,215,854
121 - 365 Days	110,190,782	88,564,412	110,190,782	88,564,412
+ 365 Days	104,823,374	74,466,975	104,823,374	74,466,975
Payments received in advance	(3,729,316)	(2,933,841)	(3,729,316)	(2,933,841)
Total	**267,884,453**	**208,995,566**	**267,843,888**	**208,987,590**

Service debtors contain an amount of R3 729 316 (2011: R2 933 841) that has been received in advance from some of the municipality's consumer debtors. To comply with basic disclosure norms this amount has been disclosed under creditors. Additionally, Gross Trade Receivables include an amount of R19 305 540, relating to adjustments as a result of tariff structure correction and unbilled RDPs. This amount has been provided in full. Accordingly, therefore, these amounts account for the difference between total service debtors and the age analysis.

Summary of Debtors by Customer Classification

Consumers

Current (0 – 30 days)	11,974,078	10,233,879	11,954,552	10,233,889
31 - 60 Days	6,427,248	7,386,544	6,427,248	7,382,340
61 - 90 Days	6,024,908	4,899,962	6,024,908	4,896,180
91 - 120 Days	6,507,719	4,835,518	6,486,680	4,835,518
121 - 365 Days	83,754,245	67,538,993	83,754,245	67,538,993
+ 365 Days	91,320,228	64,443,665	91,320,228	66,018,288
Payments received in advance	(2,046,532)	(1,574,623)	(2,046,532)	(1,574,623)
Trade receivables adjustments- not in ageing analysis	19,305,540	-	19,305,540	-
Sub-total	**223,267,434**	**157,763,939**	**223,226,869**	**159,330,586**
Less: Provision for doubtful debts	(193,728,631)	(142,651,765)	(192,892,090)	(142,473,640)
Total debtors by customer classification	**29,538,803**	**15,112,174**	**30,334,779**	**16,856,946**

Industrial/ Commercial

Current (0 – 30 days)	3,902,305	3,093,655	3,902,305	3,093,655
31 - 60 Days	1,625,894	1,548,953	1,625,894	1,548,953
61 - 90 Days	1,285,944	1,142,777	1,285,944	1,142,777
91 - 120 Days	1,371,658	977,825	1,371,658	977,825
121 - 365 Days	13,807,129	10,804,066	13,807,129	10,804,066
+ 365 Days	7,256,706	4,030,850	7,256,706	4,030,850
Payments received in advance	(1,081,370)	(795,785)	(1,081,370)	(795,785)
Sub-total	**28,168,266**	**20,802,340**	**28,168,266**	**20,802,340**
Less: Provision for doubtful debts	(28,168,266)	(20,802,340)	(28,168,266)	(20,802,340)
Total debtors by customer classification	**-**	**-**	**-**	**-**
National and Provincial Government				
Current (0 – 30 days)	9,053,172	6,932,862	9,053,172	6,932,862
31 - 60 Days	3,337,815	2,869,622	3,337,815	2,869,622
61 - 90 Days	2,463,301	2,573,911	2,463,301	2,573,911
91 - 120 Days	2,625,572	2,402,511	2,625,572	2,402,511
121 - 365 Days	12,629,408	10,221,262	12,629,408	10,221,262
+ 365 Days	6,246,439	4,417,838	6,246,439	4,417,838
Sub-total	(601,414)	(563,434)	(601,414)	(563,434)
	35,754,293	**28,854,573**	**35,754,293**	**28,854,573**
Less: Provision for doubtful debts	-	(28,854,573)	-	(28,854,573)
Total debtors by customer classification	**35,754,293**	**-**	**35,754,293**	**-**

Statutory Debtors: Ageing

+ 365 Days	13,503,145	8,448,688	13,503,145	8,448,688

In accordance with the annual fiscal budgeting proclamations levies were repealed with effect from 01 July 2006, hence the relatively slow recovery rate.

Summary of Debtors by Customer Classification

Industrial / Commercial

+ 365 Days	7,256,706	4,030,850	7,256,706	4,030,850

National and Provincial Government

+ 365 Days	6,246,439	4,417,838	6,246,439	4,417,838

6.2 Reconciliation of the doubtful debt provision

Balance at beginning of the year	195,214,695	162,995,291	195,214,695	162,995,291
Add back discounting	-	149,300	-	149,300
Total contribution to provision	27,695,985	32,070,104	26,859,444	32,070,104
Contributions to provision: trade debtors	26,880,448	58,112,922	26,859,444	58,112,922
Contributions to provision: other debtors	815,537	-	-	-
Doubtful debts written off against provision	-	(26,042,818)	-	(26,042,818)
Adjustments			-	-
Balance at end of year	**222,910,680**	**195,214,695**	**222,074,139**	**195,214,695**

Trade receivables impaired

As of 30 June 2012, trade and other receivables of R 222 074 139 (2011: R195 214 695) were impaired and provided for. The net increase of the provision was R 26 859 444 as at 30 June 2012 (2011: net increase of R 32 070 104). During 2011, an amount of R26 042 818 was written off as irrecoverable as approved by council. No amounts were written off and approved by council in the 2012 financial year.
The fair value of trade receivables approximates their carrying amounts.

7 INVENTORIES

Opening balances of inventory	**13,165,574**	**11,840,313**	**13,080,243**	**11,774,893**
Consumable stores and Maintenance materials	12,849,509	9,440,622	12,764,178	9,375,202
Water	316,065	2,399,691	316,065	2,399,691
Adjustments to inventory	**117,026**	**1,325,261**	**(25,071)**	**1,305,350**
Consumable stores and Maintenance materials	2,192,942	3,408,887	2,050,845	3,388,976
Reclassification to biological assets	(1,966,402)	-	(1,966,402)	-
Water	(109,514)	(2,083,626)	(109,514)	(2,083,626)
Closing balances of inventory				
Consumable stores and Maintenance materials	13,076,049	12,849,509	12,848,621	12,764,178
Closing balance as previously reported	13,076,049	12,849,509	12,848,621	12,764,178
Water	206,551	316,065	206,551	316,065
Total	**13,282,600**	**13,165,574**	**13,055,172**	**13,080,243**

No inventory was pledged as security for any financial liability.

8 OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS

8.1 CURRENT

Car loans	51,445	51,445	51,445	51,445
Other receivables	83,401,128	3,226,142	81,701,318	3,103,603
Less: Provision for doubtful debts	(80,235,746)	(2,086,276)	(79,420,209)	(2,026,276)
Prepayments	203,292	203,292	-	-
Total	3,420,119	1,394,603	2,332,554	1,128,772

8.2 Movement in provision for doubtful debt

Contributions to debt impairment	76,380,150	60,070	76,380,150	-

CAR LOANS

These are loans that were originally given to employees in 2006, payable within three years at no interest. The employees concerned are no longer working for the Municipality. Efforts are being made through the legal department to collect the amount owed.

9 INTANGIBLE ASSETS

GROUP

Reconciliation of carrying value	**Computer Software**	**Ward based database**	**Total**
	R	**R**	**R**
As at 1 July 2011	**108,428**	**3,234,790**	**1,655,501**
Cost	3,096,311	5,063,150	8,159,461
Accumulated amortisation and impairment losses	(2,987,883)	(1,828,360)	(6,503,960)
Prior year adjustment - opening cost	-	734,369	734,369
Prior year adjustment - opening accumulated amortisation	-	(2,803,296)	(2,803,296)
Acquisitions	242,845	-	242,845
Amortisation	(77,200)	(1,165,862)	(1,243,062)
As at 30 June 2012	**274,073**	**1**	**274,075**
Cost	3,339,156	5,797,519	9,136,675
Accumulated amortisation and impairment			

losses	(3,065,083)	(5,797,518)	(8,862,601)
As at 1 July 2010	**3,160,836**	**5,063,150**	**8,223,986**
Cost	3,156,880	5,063,150	8,220,030
Prior period error correction	3,956	-	3,956
	(2,442,980)	**(1,828,360)**	**(4,263,948)**
Accumulated amortisation and impairment losses	(2,435,588)	(1,828,360)	(4,263,948)
Prior period error correction	(7,392)	-	-
Acquisitions	27,826	-	27,826
Amortisation	(552,618)	(1,687,717)	(2,240,335)
Reversal of revaluation	(72,329)	-	(72,329)
Reversal of amortisation	71,906	-	71,906
Licenses Expired			
Cost	(170,503)	-	(170,503)
Accumulated impairment	150,481	-	150,481
Amortisation	(64,191)	-	(64,191)
As at 30 June 2011	**108,428**	**1,547,073**	**1,655,501**
Cost	3,096,311	5,063,150	8,159,461
Accumulated amortisation and impairment losses	(2,987,883)	(3,516,077)	(6,503,960)

MUNICIPALITY

Reconciliation of carrying value	**Computer Software** R	**Ward based database** R	**Total** R
As at 1 July 2011	**24,879**	**1,547,073**	**1,571,952**
Cost	2,668,456	5,063,150	7,731,606
Accumulated amortisation and impairment losses	(2,643,577)	(3,516,077)	(6,159,654)
Prior year adjustment - opening cost	-	734,369	734,369
Prior year adjustment - opening accumulated amortisation	-	(1,115,579)	(1,115,579)
Acquisitions	172,289	-	172,289
Amortisation			

	(51,155)	(1,165,862)	(1,217,017)
As at 30 June 2012	**146,014**	**1**	**146,015**
Cost	2,840,746	5,797,519	8,638,265
Accumulated amortisation and impairment losses	(2,694,732)	(5,797,518)	(8,492,250)
As at 1 July 2010	**2,640,630**	**5,063,150**	**7,703,780**
Cost	2,640,630	5,063,150	7,703,780
Prior period error correction	-	-	-
Accumulated amortisation and impairment losses	(2,090,959)	(1,828,360)	(3,919,319)
Acquisitions	27,826	-	27,826
Amortisation	(552,618)	(1,687,717)	(2,240,335)
As at 30 June 2011	**24,879**	**1,547,073**	**1,571,952**
Cost	2,668,456	5,063,150	7,731,606
Accumulated amortisation and impairment losses	(2,643,577)	(3,516,077)	(6,159,654)

10 GROUP INFRASTRUCTURE, PROPERTY, PLANT AND EQUIPMENT

10.1 Reconciliation of Carrying Value	**Land**	**Buildings**	**Infrastructure**	**Heritage**	**Other Assets**	**Finance lease assets**	**Total**
	R	**R**	**R**	**R**	**R**	**R**	**R**
MUNICIPALITY							
01 July 2011							
Cost/Revaluation	**39,770,387**	**83,539,460**	**4,161,803,231**	**90,000**	**99,991,244**	**3,578,209**	**4,388,790,596**
Opening balance	39,770,387	83,539,460	5,429,025,134	90,000	101,122,195	3,572,259	5,657,137,500
Correction of error	-	-	(1,267,221,903)	-	(1,130,951)	5,950	(1,268,346,904)
Accumulated depreciation and impairment losses	(3,654,386)	(14,496,687)	(682,078,002)	-	(61,395,443)	(2,404,841)	(764,029,359)
Opening balance	(3,654,386)	(14,496,687)	(1,705,628,714)	-	(63,896,336)	(2,402,254)	(1,790,078,377)

Correction of error	-	-	1,023,550,712	-	2,500,893	(2,587)	1,026,049,018
Restated balance	36,116,001	69,042,773	3,479,725,229	90,000	38,595,801	1,173,368	3,624,761,237
Acquisitions- Municipality	-	-	113,897,404	-	6,690,881	1,389,561	121,977,846
Depreciation	-	(2,356,667)	(160,490,586)	-	(10,719,022)	(191,652)	(173,757,927)
Other movements*	-	-	(194,419,273)	-	1,684,273	(1,996,993)	(194,731,993)
30 June 2012	**36,116,001**	**66,686,106**	**3,238,712,773**	**90,000**	**36,251,933**	**374,284**	**3,378,249,163**
Cost/Revaluation	39,770,387	83,539,460	4,081,281,361	90,000	108,366,398	2,970,777	4,316,036,449
Accumulated depreciation and impairment losses	(3,654,386)	(16,853,354)	(842,568,588)	-	(72,114,465)	(2,596,493)	(937,787,286)

10.2 Reconciliation of Carrying Value	Land	Buildings	Infrastructure	Heritage	Other Assets	Finance lease assets	Total
	R	R	R	R	R	R	R
GROUP							
01 July 2010							
Cost/Revaluation	**39,770,387**	**75,439,001**	**5,074,508,857**	**90,000**	**93,829,602**	**3,572,259**	**5,287,210,106**
Opening balance	39,770,387	113,441,913	4,951,247,376	90,000	93,829,602	3,572,259	5,201,951,537
Correction of error	-	(38,002,912)	123,261,481	-		-	85,258,569
Accumulated depreciation and impairment losses	**(3,654,386)**	**(10,595,628)**	**(1,583,254,994)**	**-**	**(52,746,989)**	**(1,797,009)**	**(1,652,049,006)**
Opening balance	(3,654,386)	(11,161,584)	(1,583,254,994)	-	(52,746,989)	(1,797,009)	(1,652,614,962)
Acquisitions- Municipality	-	8,100,459	37,187,506	-	7,328,723	-	52,616,688
Capital under Construction-Municipality	-	-	247,465,161	-	-	-	247,465,161
Capital under Construction-DWAF donated	-	-	69,863,610	-	-	-	69,863,610
Other adjustments							

					(18,065)		(18,065)
Depreciation	-	(3,901,059)	(122,373,720)	-	(11,149,347)	(605,245)	(138,029,371)
30 June 2011	**36,116,001**	**69,042,773**	**3,723,396,420**	**90,000**	**37,225,859**	**1,170,005**	**3,867,059,123**
Cost/Revaluation	39,770,387	83,539,460	5,429,025,134	90,000	101,122,195	3,572,259	5,657,137,500
Accumulated depreciation and impairment losses	(3,654,386)	(14,496,687)	(1,705,628,714)	-	(63,896,336)	(2,402,254)	(1,790,078,377)

Details of valuation

The effective date of the revaluations was 30 June 2012. Revaluations were performed by independent professional valuers, Mr Charl Kruger (National Diploma in Property Valuers), Gesina de Sousa independent candidate valuer, Letlaka Ndamase and Valuers), an independent professional associated valuer (Valuation Network Property Valuers and Consultants). Valuation Network Property Valuers and Consultants is not connected to the entity.

Land and buildings are re-valued independently every 5 years. The valuation was performed using the market value method and the following assumptions were used: The income capitalisation approach used to value income producing properties and it is based on the assumption that the purchaser will pay no more for a property with a certain income flow with similar risks and benefits than for an investment elsewhere. The net income stream is converted into a present value through the capitalisation process. The capitalisation rate of return which will be required by the owner form an investment if that investment were fully let to tenants paying market related rentals with market escalation rates.

11 GROUP BIOLOGICAL ASSETS

11.1 Reconciliation of Carrying Value

	Trees in plantation	Maize	Potatoes	Cattle, Goats and sheep	Cows	Bulls	Calves	Heifers	Steers	Weaners	Total
	R	R	R	R	R	R	R	R	R	R	R
Balance as at 1 July 2011	**6,336,000**	**-**	**-**	**1,356,400**	**1,488,537**	**407,740**	**415,200**	**1,251,640**	**148,960**	**-**	**11,243,204**
Cost/Valuation	6,336,000	-	-	1,356,400	1,488,537	407,740	415,200	1,251,640	148,960	-	11,404,477
Correction of error	-	-	-		-	-	-	-	-	-	(161,273)
Additions/ Disposals	-	556,055	164,201	(281,070)	-	-	-	-	-	-	**439,186**
Transfers from inventory	-	145,342	1,821,060		-	-	-	-	-	-	**1,966,402**
Newborns during the year	-	-	-	43,050	-	-	131,100	-	-	-	**174,150**
Transfers to cows/bulls	-	-	-		533,644	(115,444)	-	-	-	-	**418,200**
Transfers from steers and heifers	-	-	-		-	-	-	(533,644)	115,444	-	**(418,200)**

Transfers from weaners to steers and heifers	-	-	-		-	-	-	280,440	249,660	(530,100)	**-**
Transfers from calves to weaners	-	-	-		-	-	(80,940)	-	-	80,940	**-**
Decrease due to harvest/sales	-	-	(744,473)		(273,258)	(10,194)	-	(10,745)	(510,188)	-	**(1,548,857)**
Decrease due to deaths	(19,200)	-		(92,950)	(34,157)	(10,194)	(570)	(21,489)	(7,448)	(3,420)	**(189,428)**
Decrease due to biological assets lost	-	-	-		-	-	-	(10,745)	-	-	**(10,745)**
Gains from changes in fair value	1,579,200	248,055		283,420			68,020	46,512	23,788	388,360	**2,637,355**
Losses from changes in fair value	-	-	(640,788)	(83,500)	(3,335)	(213,448)					**(941,071)**
Balance as at 30 June 2012	**7,896,000**	**949,452**	**600,000**	**1,225,350**	**1,643,834**	**48,268**	**170,050**	**942,970**	**16,492**	**277,780**	**13,770,196**
Cost/Valuation	7,896,000	949,452	600,000	1,225,350	1,643,834	48,268	170,050	942,970	16,492	277,780	**13,770,196**

	Trees in plantation	**Maize**	**Potatoes**	**Cattle, Goats and sheep**	**Cows**	**Bulls**	**Calves**	**Heifers**	**Steers**	**Weaners**	**Total**
	R	**R**	**R**	**R**	**R**	**R**	**R**	**R**	**R**	**R**	**R**
Balance as at 1 July 2010	**5,940,000**	-	-	**1,477,400**	**1,561,187**	**150,423**	**257,450**	**1,349,759**	**418,950**	-	**11,155,169**
Cost/Valuation	5,940,000	-	-	1,477,400	1,458,555	191,424	257,450	1,349,759	596,058	-	11,270,646
Correction of error	-	-	-		102,632	(41,001)	-	-	(177,108)	-	(115,477)
Additions/ (Disposals)	-	-	-	(142,100)	-	-	-	-	-	-	(142,100)
Newborns during the year	-	-	-	85,060	-	-	133,950	-	-	-	219,010
Purchases	-	-	-		-	-	-	-	-	-	-
Transfers to cows/bulls	-	-	-		118,560	213,750	-	-	-	-	332,310
Transfers from steers and heifers	-	-	-		-	-	-	(118,560)	(213,750)	-	(332,310)
Transfers to steers and heifers	-	-	-		-	-	-	244,800	486,200	(731,000)	-
Transfers from calves/weaners					-	-	(299,250)	-	-	299,250	-
Decrease due to harvest/sales	-	-	-		(581,343)	(185,136)	(1,900)	(4,560)	(645,525)	-	(1,418,464)
Decrease due											

to deaths	-	-	-	(187,000)	(126,583)	(23,142)	(2,850)	(31,920)	(4,275)	-	(375,770)
Decrease due to livestock lost	-	-	-		-	(5,786)	-	(4,560)	-	-	(10,345)
Gains from changes in fair value	396,000	-	-	123,040	449,120	247,437	-	-	103,636	773,750	2,092,983
Losses from changes in fair value	-	-	-		-	-	(34,960)	(242,320)	-	-	(277,280)
Balance as at 30 June 2011	6,336,000	-	-	1,356,400	1,488,537	407,740	415,200	1,251,640	148,960	-	11,404,477
Cost/Valuation	6,336,000	-	-	1,356,400	1,488,537	407,740	415,200	1,251,640	148,960	-	11,404,477

MUNICIPALITY

11 BIOLOGICAL ASSETS

11.1	**Reconciliation of Carrying Value**	**Trees in plantation**	**Maize**	**Potatoes**	**Cows**	**Bulls**	**Calves**	**Heifers**	**Steers**	**Weaners**	**Total**
		R	**R**	**R**	**R**	**R**	**R**	**R**	**R**	**R**	**R**
	Balance as at 1 July 2011	**6,336,000**	**-**	**-**	**1,488,537**	**407,740**	**415,200**	**1,251,640**	**148,960**	**-**	**9,886,804**
	Cost/Valuation	6,336,000	-	-	1,488,537	407,740	415,200	1,251,640	148,960	-	10,048,077
	Correction of error	-	-	-	-	-	-	-	-	-	(161,273)
	Additions/ Purchases	-	556,055	164,201	-	-	-	-	-	-	**720,256**
	Transfers from inventory	-	145,342	1,821,060	-	-	-	-	-	-	**1,966,402**
	Newborn calves during the year	-	-	-	-	-	131,100	-	-	-	**131,100**
	Transfers to cows/bulls	-	-	-	533,644	(115,444)	-	-	-	-	**418,200**
	Transfers from steers and heifers	-	-	-	-	-	-	(533,644)	115,444	-	**(418,200)**
	Transfers from weaners to steers and heifers	-	-	-	-	-	-	280,440	249,660	(530,100)	**-**
	Transfers from calves to weaners	-	-	-	-	-	(80,940)	-	-	80,940	**-**
	Decrease due to harvest/sales	-	-	(744,473)	(273,258)	(10,194)	-	(10,745)	(510,188)	-	**(1,548,857)**
	Decrease due to deaths	(19,200)	-		(34,157)	(10,194)	(570)	(21,489)	(7,448)	(3,420)	**(96,478)**
	Decrease due to biological assets lost	-	-	-	-	-	-	(10,745)	-	-	**(10,745)**

Gains from changes in fair value	1,579,200	248,055				68,020	46,512	23,788	388,360	**2,353,935**
Losses from changes in fair value	-	-	(640,788)	(3,335)	(213,448)					**(857,571)**
Balance as at 30 June 2012	**7,896,000**	**949,452**	**600,000**	**1,643,834**	**48,268**	**170,050**	**942,970**	**16,492**	**277,780**	**12,544,846**
Cost/Valuation	7,896,000	949,452	600,000	1,643,834	48,268	170,050	942,970	16,492	277,780	**12,544,846**

	Trees in plantation	**Maize**	**Potatoes**	**Cows**	**Bulls**	**Calves**	**Heifers**	**Steers**	**Weaners**	**Total**
	R	**R**	**R**	**R**	**R**	**R**	**R**	**R**	**R**	**R**
Balance as at 1 July 2010	**5,940,000**	-	-	**1,561,187**	**150,423**	**257,450**	**1,349,759**	**418,950**	-	**9,677,769**
Cost/Valuation	5,940,000	-	-	1,458,555	191,424	257,450	1,349,759	596,058	-	9,793,246
Correction of error	-	-	-	102,632	(41,001)	-	-	(177,108)	-	(115,477)
Additions	-	-	-	-	-	-	-	-	-	-
Newborn calves during the year	-	-	-	-	-	133,950	-	-	-	133,950
Purchases	-	-	-	-	-	-	-	-	-	-
Transfers to cows/bulls	-	-	-	118,560	213,750	-	-	-	-	332,310
Transfers from steers and heifers	-	-	-	-	-	-	(118,560)	(213,750)	-	(332,310)
Transfers to steers and heifers	-	-	-	-	-	-	244,800	486,200	(731,000)	-
Transfers from calves/weaners				-	-	(299,250)	-	-	299,250	-
Decrease due to harvest/sales	-	-	-	(581,343)	(185,136)	(1,900)	(4,560)	(645,525)	-	(1,418,464)
Decrease due to deaths	-	-	-	(126,583)	(23,142)	(2,850)	(31,920)	(4,275)	-	(188,770)
Decrease due to livestock lost	-	-	-	-	(5,786)	-	(4,560)	-	-	(10,345)
Gains from changes in fair value	396,000	-	-	449,120	247,437	-	-	103,636	773,750	1,969,943
Losses from changes in fair value	-	-	-	-	-	(34,960)	(242,320)	-	-	(277,280)
Balance as at 30 June 2011	6,336,	-	-	1,488,	407,7	415,2	1,251,	148,9	-	10,048,0

	000			537	40	00	640	60		77
Cost/Valuation	6,336,000	-	-	1,488,537	407,740	415,200	1,251,640	148,960	-	10,048,077

11.2 Biological assets pledged as security

No biological assets were pledged as security.

11.3 Assets carried at cost and accumulated depreciation and impairment losses

Biological assets are carried at fair value.

11.4 Methods and assumptions used in determining the fair value

Cattle are valued at the prevailing market rates, as determined by breed, genetic merit and age less point of sale costs. Fruit trees are valued by way of on arms length transaction that would have been applied / prevailing in replacing the existing fruit trees with new fruit trees

11.5 Output of agricultural produce

	2012	2011
Agricultural produce for the year	-	-

There was no output of agricultural produce for the year

11.6 Biological assets that died during the year

	Trees	Cows	Bulls	Calves	Heifers	Steers	Weaners	Total
Rand value	(19,200)	(34,157)	(10,194)	(570)	(21,489)	(7,448)	(3,420)	(96,478)
Quantities	(60)	(5)	(1)	(1)	(6)	(2)	(1)	(76)

Most of the biological assets died due to ill-health ranging from pneumonia, liver flu, wire worm, red water and dystonia.

11.7 Financial risk management

The municipal tree plantations are exposed to the risk of damage from climatic changes, diseases, fires and other natural forces. The municipality has processes in place aimed at monitoring and mitigating those risks, including regular inspections and pest and disease control.

Description and nature of biological assets

Biological assets consist of consumable assets except for fruit trees which are classified as bearer biological assets. All the biological assets are held for distribution at no charge or nominal charge. The nature of the activities involves the raising of livestock, plantations and annual or pre-annual agricultural produce.

12 Investment property

Group	2012			2011		
	Opening fair value	Fair value adjustment	Carrying value	Opening fair value	Fair value adjustment	Carrying value
Investment property	2,200,000	-	2,200,000	2,200,000	-	2,200,000

Municipality	2012			2011		
	Opening fair value	Fair value adjustment	Closing fair value	Opening fair value	Fair value adjustment	Closing fair value

Investment property	2,200,000	-	2,200,000	2,200,000	-	2,200,000

Investment property represents vacant land (Erf 1559) located in Port St Johns. A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

Details of valuation

The effective date of the revaluations was 30 June 2012. Revaluations were performed by an independent valuer, Mr Letlaka Ndamase. He is a Professional Associated Valuer (Registration number 5435) with a National Diploma in Property Valuation and is a member of the SA Institute of Valuers, from Valuation Network Property Valuers and consultants. Valuation Network Property Valuers and Consultants are not connected to the economic entity and have recent experience in location and category of the investment property being valued. The valuation was based on open market value for existing use.

For the period ended 30 June 2012

		Group		Municipality	
		30 June 2012	**30 June 2011**	**30 June 2012**	**30 June 2011**
		R	**R**	**R**	**R**
13	**TRADE AND OTHER PAYABLES**				
	Financial liabilities measured at cost	**172,410,094**	**110,671,939**	**171,449,653**	**108,917,939**
	Trade payables	159,399,881	99,622,552	158,439,439	97,868,552
	Employee benefits obligations - Note 16	9,280,898	8,115,545	9,280,898	8,115,545
	Payments received in advance	3,729,316	2,933,841	3,729,316	2,933,841
	Payroll accruals	**28,858,699**	**28,369,388**	**26,545,249**	**26,358,772**
	Accrual for Bonus	4,401,963	4,474,461	4,401,963	4,474,461
	Accrual for Leave	24,456,737	23,894,927	22,143,286	21,884,311
	Other accounts payable	**2,053,614**	**1,166,777**	-	-
	Total trade and other payables	**203,322,407**	**140,208,104**	**197,994,902**	**135,276,711**

The fair value of trade and other payables approximates their carrying amounts.

14	**CONSUMER DEPOSITS**				
	Consumer deposits	**1,053,097**	**678,997**	**1,053,097**	**678,997**
15	**VAT PAYABLE / RECEIVABLE**				
	VAT receivable	**2,598,810**	**39,355,093**	**-**	**35,549,874**
	VAT payable	**(6,595,227)**	**-**	**(6,595,227)**	**-**

VAT is payable on a payment basis. VAT is paid over to SARS only when payment is received from debtors.

16 Employee benefits obligations

Other defined benefits include long service bonuses.

The amounts recognised in the statement of financial position are as follows:

Net liability recognised in the statement of financial position

Projected benefit obligation	9,280,898	8,115,545	9,280,898	8,115,545
Plan assets	-	-	-	-
Net liability	**9,280,898**	**8,115,545**	**9,280,898**	**8,115,545**

The projected benefit obligation are included in trade and other payables. See note 13.

Changes in the present value of the defined benefit obligation are as follows:

Opening balance	8,115,545	6,076,757	8,115,545	6,076,757
Net expense recognised in the statement of financial performance	2,239,920	2,843,668	2,239,920	2,843,668
Benefits paid	(1,074,567)	(804,880)	(1,074,567)	(804,880)
Closing balance	**9,280,898**	**8,115,545**	**9,280,898**	**8,115,545**
Net expense recognised in the statement of financial performance				
Current service cost	1,484,499	1,033,675	1,484,499	1,033,675
Interest cost	644,152	503,879	644,152	503,879
Actuarial (gains)/losses	111,269	1,306,114	111,269	1,306,114
Total included in employee related costs	**2,239,920**	**2,843,668**	**2,239,920**	**2,843,668**
Calculation of actuarial gains and losses				
Actuarial (gains)/losses - Obligation	111,269	1,306,114	111,269	1,306,114
Key assumptions used				
Assumptions used at the reporting date:				
Discount rates used	7.77%	8.50%	7.77%	8.50%
Subsidy inflation	5.77%	6.50%	5.77%	6.50%

Mortality of continuation members is in accordance with PA (90) ultimate male and female tables.
The valuation is based on the Projected Unit Credit valuation method, as prescribed by IAS 19.
General increases to the employer/s medical aid subsidy take into account the estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical cost.
The inflation rate has been determined by reference to market yields at the balance sheet date of long term bonds. The medical inflation premium has been set based on past experience for the industry.
The discount rate has been determined be reference to market yields at the balance sheet date of South African long-term bonds. The rate of 8.8% (2011: 9.2%) is the yield on the R186 government bond as at 30 June 2012.

17 OBLIGATIONS UNDER TRANSFER ARRANGEMENTS

17.1 Unspent Conditional Grants from other spheres of Government

MIG Grants	(344,042,167)	(101,563,234)	(344,042,167)	(101,563,234)
Other	(41,291,306)	# 35,132,310	(31,187,920)	42,681,044
Total Unspent Conditional Grants and Receipts	**(385,333,473)**	**(66,430,924)**	**(375,230,087)**	**(58,882,190)**

17.2 Conditions and restrictions

See note 21 for the reconciliation of grants and receipts. These amounts are invested in ring-fenced investments until utilised.

18 FINANCE LEASE LIABILITY

Group	
30 June 2012	**Total**
Amounts payable under finance leases	**R**
Minimum Lease Payments	2,047,982
Finance Costs	

		(121,748)
Present Value		**1,926,234**
Less: Amount due for settlement within 12 months (current portion)		191,295
		1,734,939

Municipality

30 June 2012	**Total**
Amounts payable under finance leases	**R**
Minimum Lease Payments	2,047,982
Finance Costs	(121,748)
Present Value	**1,926,234**
Less: Amount due for settlement within 12 months (current portion)	191,295
	1,734,939

The average lease term is 5 years. The lease agreements neither provide the nominal nor the effective interest rates, accordingly, internal rates of return applicable to each lease were determined and accordingly applied to amortise each of the respective lease repayments. The majority of these leases have fixed repayment terms. The agreements do not provide for contingent rental payments. None of the leased equipment's ownership will pass to the municipality at the end of the respective lease terms.

Group

30 June 2011	**Total**
Amounts payable under finance leases	**R**
Minimum Lease Payments	891,886
Finance Costs	(151,669)
Present Value	**740,217**
Less: Amount due for settlement within 12 months (current portion)	191,295
	548,922

Municipality

30 June 2011		**Total**
Amounts payable under finance leases		**R**
Minimum Lease Payments		891,886
Finance Costs		(151,669)
Present Value		**740,217**
Less: Amount due for settlement within 12 months (current portion)	#	191,295
		548,922

The average lease term is 5 years. The lease agreements neither provide the nominal nor the effective interest rates, accordingly, prime rate applicable to each lease were applied accordingly to amortise each of the respective lease repayments. The majority of these leases have fixed repayment terms. The agreements do not provide for contingent rental payments. None of the leased equipment's ownership will pass to the municipality at the end of the respective lease terms.

19 SERVICE CHARGES

Sale of water	101,892,955	94,636,460	101,892,955	94,636,460
Sewerage and sanitation charges	19,105,821	11,558,775	19,105,821	11,558,775
Less: Interest on discounting	(203,873)	(149,300)	(203,873)	(149,301)
Total Service Charges	**120,794,902**	**106,045,935**	**120,794,902**	**106,045,935**

20 FINANCE INCOME

Interest income on external investment	14,820,593	18,939,288	14,237,907	18,669,408
Interest on outstanding receivables	19,635,724	17,967,641	18,526,873	17,846,655
Total interest	**34,456,317**	**36,906,929**	**32,764,780**	**36,516,063**

21 GOVERNMENT GRANTS AND SUBSIDIES

Equitable share	414,811,000	406,208,524	414,811,000	406,208,524
MIG Grant	437,602,445	492,705,750	437,602,445	492,705,750
Other Government Grants and Subsidies	22,391,471	106,941,719	10,524,898	92,418,639
Grant in aid income	-	17,616,777	-	17,616,777
Total Government Grants and Subsidies	**874,804,916**	**1,023,472,770**	**862,938,342**	**1,008,949,690**

21.1 Equitable Share

In terms of the Constitution, this, amongst other grants, is used to subsidise the provision of basic services to the district's communities. In this regard, the district's service beneficiaries (water supply customers) receive an allocation of 6 kilolitres of free water a day. This translates to a subsidy of R26.40 per month (2011: R21,60), which is funded from this grant. Furthermore a part of service delivery, the District Municipality carts water to the urban and rural areas throughout the district.

21.2 MIG Grant

Balance unspent at beginning of year	(101,563,233)	30,530,576	(101,563,234)	(30,530,576)
Current year receipts	(562,773,000)	(570,955,000)	(562,773,000)	570,955,000
Conditions met - transferred to revenue	320,294,067	438,861,191	320,294,067	(438,861,191)
Conditions still to be met - remain liabilities	**(344,042,166)**	**(101,563,233)**	**(344,042,167)**	**101,563,233**

In terms of MFMA Circular No. 48, all conditional allocations (excluding interest earned thereon) that at year-end are not utilised must revert back to the National Revenue Fund unless the relevant receiving officer can prove to the satisfaction of the National Treasury that the unspent allocation is committed to identifiable projects. The municipality reports that at year end, the Municipality had applied to Treasury for a roll forward of all unspent conditional grants not committed to identifiable projects.

21.3 Other Government Grants and Subsidies

Balance unspent at beginning of year	35,132,310	(23,022,086)	42,681,044	(22,958,641)
Prior year error	(6,919,262)	2,653,058	(6,938,621)	2,589,612
Current year receipts	(33,598,376)	(43,998,035)	(30,980,278)	(36,449,300)
Grants with debit balances transferred to receivables and impaired	(76,380,149)	-	(76,380,149)	-
Conditions met - transferred to revenue	40,474,170	99,499,373	40,430,084	99,499,373

	Conditions still to be met - remain liabilities	**(41,291,306)**	**35,132,310**	**(31,187,920)**	**42,681,044**
21.4	**Grant in aid income**	**31,187,921**			
		(72,479,227)			
	Grant in aid income represents the value of Water Infrastructure constructed by the Department of Water Affairs (DWA) during the current year for the Municipality.	**-**	**17,616,777**	**-**	**17,616,777**

21.5 Changes in levels of government grants

Based on the allocations set out in the Division of Revenue Act, (Act 1 of 2010), no significant changes in the level of government grant funding are expected over the forthcoming financial years.

22 OTHER INCOME

Sundry revenue	2,154,141	1,074,405	2,046,603	348,606
Tender documents	1,273,702	507,006	1,273,702	507,006
Commission received	66,776	60,224	66,776	60,224
Overpayment	-	396,000	-	396,000
VAT refund (MFMA Circular No.48 Implementation)	35,387,529	67,377,502	35,387,529	67,377,502
Project income	4,406,265	1,988,589	-	-
Total Other Income	**43,288,413**	**71,403,726**	**38,774,610**	**68,689,338**

23 EMPLOYEE RELATED COSTS

Salaries and wages	138,203,233	129,753,209	120,353,844	111,787,436
Contributions for UIF, pensions and medical aids	48,182,697	24,515,591	45,230,137	21,914,184
Travel, motor car and other allowances	4,447,448	18,777,048	4,210,384	18,723,518
Housing benefits	7,049,363	6,926,912	7,049,363	6,926,912
Overtime	4,287,187	3,957,330	4,287,187	3,957,330
Bonus (13th cheque)	9,736,303	7,943,594	9,736,303	7,943,594
Performance bonuses	-	(220)	-	(220)
Provision for leave pay	3,456,687	7,738,740	3,456,687	7,738,740
Other employee related costs	679,068	1,186,502	-	210,050
Total employee costs excluding councillors	**216,041,985**	**200,798,706**	**194,323,905**	**179,201,544**

Municipality

Remuneration of the Municipal Manager - Hlazo H T				
Annual Remuneration	743,442	-	743,442	-

Contributions to UIF	1,123	-	1,123	-
Travel and Subsistence	135,000	-	135,000	-
Total	**879,565**	**-**	**879,565**	**-**

The Remuneration for the year ended 2012 included only ten months of remuneration to the Municipal Manager as this position was vacant for the remaining two months of the year ended 30 June 2012.

Remuneration of the Chief Finance Officer - Moleko M E

Annual Remuneration	752,086	689,408	752,086	689,408
Contributions to UIF	1,497	1,497	1,497	1,497
Leave Paid	-	228,458	-	228,458
Travel and subsistence	382,043	325,449	382,043	325,449
Total	**1,135,626**	**1,244,812**	**1,135,626**	**1,244,812**

Remuneration of the Strategic Director - Corporate Services - Nogaga T T

Annual Remuneration	856,588	781,517	856,588	781,517
Contributions to UIF, medical and Pension Funds	185,715	185,715	185,715	185,715
Travel and subsistence	170,944	120,000	170,944	120,000
Total	**1,213,247**	**1,087,232**	**1,213,247**	**1,087,232**

Remuneration of the Strategic Director - Planning and socio-Economic Development - Somana N T

Annual Remuneration	1,088,806	1,020,599	1,088,806	1,020,599
Contributions to UIF	1,497	1,497	1,497	1,497
Travel Subsistence	98,983	104,342	98,983	104,342
Leave Pay	41,126	-	41,126	-
Total	**1,230,412**	**1,126,438**	**1,230,412**	**1,126,438**

Remuneration of Director - Planning and Development- Dunywa A

Annual Remuneration	849,332	786,655	849,332	786,655
Travel and Subsistence	37,792	146,166	37,792	146,166
Leave Pay	151,015	-	151,015	-
Contributions to UIF, Medical and Pension funds	95,031	95,031	95,031	95,031
Total	**1,133,170**	**1,027,852**	**1,133,170**	**1,027,852**

Remuneration of Director - Infrastructure - Khoza S

Annual Remuneration	783,337	720,660	783,337	720,660
Travel and subsistence	163,664	127,735	163,664	127,735
Contributions to UIF, Medical and Pension				

funds	164,847	164,847	164,847	164,847
Total	**1,111,848**	**1,013,242**	**1,111,848**	**1,013,242**
Remuneration of Director - Human Resources - Mhlelembana V				
Annual Remuneration	115,537	787,952	115,537	787,952
Travel and subsistence	20,000	138,924	20,000	138,924
Contributions to UIF	250	1,497	250	1,497
Total	**135,787**	**928,373**	**135,787**	**928,373**

The remuneration for the year ended 2012 included two months payment

Remuneration of Director - Technical Services - M Matiso				
Annual Remuneration	932,538	869,860	932,538	869,860
Travel and subsistence	152,085	149,584	152,085	149,584
Leave Pay	37,792	124,257	37,792	124,257
Contributions to UIF, Medical and Pension funds	57,646	57,646	57,646	57,646
Total	**1,180,061**	**1,201,347**	**1,180,061**	**1,201,347**
Remuneration of Director - Water Services- Mzayiya E				
Annual Remuneration	876,900	814,223	876,900	814,223
Travel and Subsistence	83,188	100,627	83,188	100,627
Leave Pay	-	233,475	-	233,475
Contributions to UIF, Medical and Pension funds	108,096	108,096	108,096	108,096
Total	**1,068,184**	**1,256,421**	**1,068,184**	**1,256,421**
Remuneration of Director - Housing - Gqawa L				
Annual Remuneration	746,449	683,772	746,449	683,772
Travel and subsistence	241,220	274,163	241,220	274,163
Contributions to UIF, Medical and Pension funds	126,200	126,200	126,200	126,200
Total	**1,113,869**	**1,084,135**	**1,113,869**	**1,084,135**
Remuneration of Director - ICT Management - Molatlhwa J				
Annual Remuneration	904,271	651,483	904,271	651,483
Travel and subsistence	51,151	11,669	51,151	11,669
Contributions to UIF	1,497	1,123	1,497	1,123
Total	**956,919**	**664,275**	**956,919**	**664,275**

23 EMPLOYEE RELATED COSTS(continued)

Remuneration of Director - Community and Social Affairs - Hlangu L				
Annual Remuneration	823,344	758,678	823,344	758,678
Travel and subsistence	132,575	151,792	132,575	151,792
Leave Pay	-	37,792	-	37,792
Contributions to UIF, Medical and Pension funds	117,802	117,802	117,802	117,802
Total	**1,073,721**	**1,066,064**	**1,073,721**	**1,066,064**
Remuneration of Director - Political Advisor - Mzamane Z				
Annual Remuneration	1,181,686	90,478	1,181,686	90,478
Contributions to UIF	1,497	125	1,497	125
Total	**1,183,183**	**90,603**	**1,183,183**	**90,603**
Remuneration of the Director - Chief Operations Officer- Mbatani B				
Annual Remuneration	873,377	810,805	873,377	810,805
Contributions to UIF	1,497	1,497	1,497	1,497
Leave Pay	-	308,405	-	308,405
Travel and Subsistence	225,075	193,204	225,075	193,204
Total	**1,099,949**	**1,313,911**	**1,099,949**	**1,313,911**
Remuneration of the Director - Office of the Executive Mayor - Ncube A				
Annual Remuneration	752,084	730,768	752,084	730,768
Leave Pay	-	64,429	-	64,429
Contributions to UIF	1,497	1,497	1,497	1,497
Travel Subsistence	356,586	449,067	356,586	449,067
Total	**1,110,167**	**1,245,761**	**1,110,167**	**1,245,761**
Remuneration of the Director - Internal Audit - Mbiko L				
Annual Remuneration	932,538	860,010	932,538	860,010
Leave Pay	37,792	112,302	37,792	112,302
Travel and subsistence	166,398	159,334	166,398	159,334
Contributions to UIF	1,497	1,497	1,497	1,497
Total	**1,138,225**	**1,133,143**	**1,138,225**	**1,133,143**

Remuneration of Council Secretary -

Tseane T				
Annual Remuneration	842,286	779,609	842,286	779,609
Travel and subsistence	135,057	137,890	135,057	137,890
Leave Pay	37,792	-	37,792	-
Contributions to UIF, medical and pension funds	105,897	105,897	105,897	105,897
Total	**1,121,032**	**1,023,396**	**1,121,032**	**1,023,396**
Remuneration of Director - Legal Services - Mgidlana T				
Annual Remuneration	802,687	740,010	802,687	740,010
Travel and subsistence	352,048	361,452	352,048	361,452
Leave Pay	-	142,590	-	142,590
Contributions to UIF, medical and pension funds	1,497	1,497	1,497	1,497
Total	**1,156,232**	**1,245,549**	**1,156,232**	**1,245,549**
REMUNERATION OF COUNCILLORS				
Executive Mayor	653,559	605,089	653,559	605,089
Speaker	527,006	305,826	527,006	305,826
Mayoral Committee members	4,442,085	4,155,671	4,442,085	4,155,671
Councillors	3,751,986	3,292,195	3,751,986	3,292,195
Total Councillors' Remuneration	**9,374,636**	**8,358,781**	**9,374,636**	**8,358,781**

Municipal Entity		
Remuneration of the Chief executive officer		
Annual Remuneration	883,085	809,450
Travel Allowance	80,461	76,025
Cell phone Allowance	31,644	29,900
Annual Bonus	66,467	66,788
Provident fund	110,268	104,190
Total	**1,171,925**	**1,086,353**
Remuneration of the Chief financial officer		
Annual Remuneration	657,551	586,053
Travel Allowance	74,041	69,960
Cell phone Allowance	20,877	19,726
Annual Bonus	39,104	39,293

Provident fund	64,873	61,297
Total	**856,446**	**776,329**
Remuneration of the Senior Manager Community Development		
Annual Remuneration	633,683	565,058
Travel Allowance	65,638	62,020
Cell phone Allowance	17,642	16,670
Annual Bonus	49,401	46,624
Provident fund	76,976	72,733
Total	**843,340**	**763,105**
Remuneration of the Corporate Service manager		
Annual Remuneration	564,755	468,909
Travel Allowance	74,041	69,960
Cell phone Allowance	14,707	13,896
Annual Bonus	38,504	38,690
Provident fund	61,003	60,357
Total	**753,010**	**651,812**
Remuneration of the Senior Manager - Agricultural Development		
Annual Remuneration	333,739	563,861
Travel Allowance	34,668	66,245
Cell phone Allowance	7,272	13,896
Annual Bonus	46,109	46,525
Provident fund	37,983	72,579
Total	**459,771**	**763,105**
Remuneration of the Senior Manager - Municipal Support		
Annual Remuneration	569,519	507,091
Travel Allowance	76,434	72,221
Cell phone Allowance	14,915	14,093
Annual Bonus	41,678	41,841
Provident fund	68,079	65,271
Total	**770,625**	**700,516**

23 EMPLOYEE RELATED COSTS(continued)

Remuneration of the Company Secretary

Annual Remuneration	533,471	481,558
Travel Allowance	75,089	70,950
Cell phone Allowance	17,642	16,670
Annual Bonus	31,538	31,652
Provident fund	52,258	49,378
Total	**709,998**	**650,207**

Board and Committee fees

Board Chair

Fees	45,000	25,000
Travel Claim	2,881	3,565

Other Committee members

Ntinga O.R. Tambo Development Agency	193,805	105,291
Total	**241,686**	**133,856**

In-kind Benefits

24 DEPRECIATION AND AMORTISATION EXPENSE

Property, plant and equipment	174,738,300	138,029,371	173,613,247	136,258,356
Intangible assets	1,243,062	2,304,526	1,217,017	2,240,335
Total Depreciation and Amortisation	**175,981,362**	**140,333,897**	**174,830,264**	**138,498,691**

25 FINANCE COSTS

Finance lease	163,088	119,696	15,850	91,301
Interest on Bulk Water Purchases	782,763	70,865	-	**-**
	945,851	**190,561**	**15,850**	**91,301**

26 BULK PURCHASES

Water	**27,807,876**	**16,406,149**	**27,807,876**	**16,406,149**

27 CONTRACTED SERVICES

Contracted services for:				
Security services	6,971,592	5,678,151	6,971,592	5,678,151
Total contracted services	**6,971,592**	**5,678,151**	**6,971,592**	**5,678,151**

28 GRANTS AND SUBSIDIES PAID

Ntinga O.R. Tambo Development Agency *	-	-	62,779,435	43,029,203
Municipal support **	9,626,138	8,520	9,626,138	8,520
Support to Traditional Authorities	276,707	34,000	276,707	34,000
Expectra 758 trading as Emfundisweni SDRC	-	3,319,084	-	-
Kei Fresh Produce Market	6,363,050	2,809,249	-	-
	16,265,895	**6,170,854**	**72,682,280**	**43,071,724**

* Ntinga O.R. Tambo Development Agency is an entity of the municipality responsible for the Economic Development objectives of the municipality. Accordingly and as a means to enable it to fulfil its mandate, it is recipient of allocated grant funding from the District Municipality.

** The District Municipality supported three of its local municipalities namely: Mhlontlo Local Municipality, Ingquza Hill Local Municipality and Port St Johns Local Municipality.

29 GENERAL EXPENSES

Included in general expenses are the following:-

ABATTOIR	16,449	-	16,449	-
ACCOUNTING & AUDIT FEES	4,504,058	4,589,101	2,798,688	2,618,025
ADVERTISING FEES	832,211	527,295	446,086	518,377
ARTS AND CRAFT	468,890	-	468,890	-
ASSESMENT RATES	1,059,966	1,308,665	1,059,966	1,308,665
ASSET WRITE OFFS	312,720	22,614	-	-
ASSISTANCE TO EX-COMBATANTS	251,539	-	251,539	-
AUDIT COMMITTE ALLOWANCES	290,309	239,022	42,000	75,166
AWARENESS OF IT POLICIES	9,876	-	9,876	-
BANK COSTS	992,410	821,168	936,819	783,212
BOOKS & PUBLICATIONS	32,242	-	32,242	-
CEREMONIAL FUNCTION	195	329,000	195	329,000
CHILD PROTECTION SERVICES	142,300	74,448	142,300	74,448
CLEANING MATERIALS	554,934	803,172	493,032	753,606
COASTAL SAFETY				

	88,939	-	88,939	-
COMMUNICATION	451,797	714,510	451,797	714,510
COMMUNITY PARTICIPATION & RO	802,157	708,054	802,157	708,054
COMMUNITY TRAINING	-	1,102,250	-	1,102,250
CONDITIONAL GRANT EXPENDITURE	324,674,329	199,769,724	324,674,329	208,170,627
CONFERENCE FEES	666,066	289,060	666,066	289,060
CONSULTANTS & PROFESIONAL FE	16,089,265	5,426,724	15,995,312	5,366,414
CO-OPERATIVES SUPPORT	865,964	-	865,964	-
CORPORATE EXPENDITURE	141,949	86,291	141,949	86,291
CORPORATE EXPENSES	4,403	-	4,403	-
CORPORATE GIFTS	-	45,813	-	45,813
COUNCIL AND COMMITTEES	2,893,484	-	2,893,484	-
COUNCIL MEETINGS	827,108	-	827,108	-
COUNCIL RECEPTIONS	228,481	550,449	228,481	550,449
COUNCILLORS	68,935	-	68,935	-
COUNCILLORS WORKING TOOLS	724,481	-	724,481	-
CUSTOMER RELATIONS SERVICES	1,130,187	-	1,130,187	-
DISASTER MANAGEMENT INFORMAT	306	-	306	-
DISASTER MANAGEMENT SUMMIT	732,778	-	732,778	-
DISASTER PREPAREDNESS AND RE	551,578	-	551,578	-
DISTRICT PLANNING STRATEGY	587	-	587	-
DISTRICT SPEAKER'S FORUM	336,232	-	336,232	-
DISTRICT SPORTS COUNCIL	64,917	68,954	64,917	68,954
DROUGHT RELIEF FUNDING EXPEN	7,149,346	-	7,149,346	-
EARLY CHILDHOOD DEVELOPMENT	363,417	-	363,417	-
ELECTRICITY	30,683,315	18,919,709	30,683,315	18,919,709
EMPLOYEE ASSISTANCE PROGRAM	161,478	119,877	161,478	119,877
ENVIROMENTAL RISK ASSESSMENT	65,894	-	65,894	-
ENVIRONMENTAL AUDIT	82	-	82	-
ENVIRONMENTAL AWARENESS	26,418	-	26,418	-
ENVIRONMENTAL MANAGEMENT PLA	3,449	-	3,449	-
ESTALISHMENT OF ARCHIVES	599,113	-	599,113	-
FARMS OPERATIONS	1,160,913	3,806,333	1,160,913	3,806,333
FINANCIAL & BUDGETING REFORM	1,322	-	1,322	-
FINANCIAL ACADEMIC ASSISTANC	2,169,958	1,842,178	2,169,958	1,842,178

FIRE AND EMERGENCY SERVICES	1,562,219	-	1,562,219	-
FORT DONALD DEVELOPMENT	225,537	-	225,537	-
FREE BASIC SERVICES (EXP)	866,844	529,982	866,844	529,982
FREE BASIC SERVICES : WATER	1,797,520	-	1,797,520	-
FUNCTIONS & STAFF WELFARE	238,876	76,736	233,526	65,467
GROUP LIFE ASSURANCE SCHEME	2,829,662	999,308	2,829,662	999,308
HIRE - EQUIPMENT & MACHINERY	2,963,401	2,280,400	2,963,401	2,280,400
HIV/AIDS (ORTDM & INKCIYO PR	403,375	516,934	403,375	516,934
HIV/AIDS COMMUNITY AWARENESS	1,311,171	1,084,061	1,311,171	1,084,061
HOUSING FORUMS	13,352	-	13,352	-
HOUSING PROJECTS - LAUNCHES	-	13,842	-	13,842
HOUSING SUMMIT	144,471	-	144,471	-
INDIGENT SUBSIDIES (EXP)	268,246	-	268,246	-
INGQUZA HILL MASSACRE (PONDO	918,071	-	918,071	-
INSURANCE - EXTERNAL	1,385,627	1,562,817	1,092,322	1,156,902
INTEGRATED DEVELOPMENT PLAN	612	-	612	-
INTEGRATED WASTE MANAGEMENT	150,407	-	150,407	-
INTEREST AND PENALTIES	15,847	123	15,847	123
INTER-GOVERNMENTAL RELATIONS	1,661,889	165,968	1,661,889	165,968
INTERGRATED SPATIAL MANAGEME	156,003	-	156,003	-
INTERNATIONAL RELATIONS	541,266	-	541,266	-
INTERNSHIP PROGRAMME	247,866	1,034,151	247,866	1,034,151
INTRANET DEVELOPMENT	218,782	-	218,782	-
INVESTMENT CONFERENCE	83	-	83	-
IT EQUIPMENT REPAIRS	162,058	-	162,058	-
LEGAL FEES	1,103,361	551,550	1,088,073	551,550
LICENSE FEES	2,186,147	2,651,940	2,105,141	2,576,842
LM TOURISM PLAN DEVELOPMENT	165	-	165	-
LOCAL ECONOMIC DEVELOPMENT P	1,341	-	1,341	-
LOCAL ECONOMIC DEVELOPMENT S	476	-	476	-
LOCAL LABOUR FORUM PROGRAMME	79,184	-	79,184	-
LOSS ON THE SALE OF ASSETS	32,053	46,473	-	-
MAINTENANCE OF PIPE LEAKS	5,989,488	-	5,989,488	-
MAYORAL IMBIZO	689,369	1,609,598	689,369	1,609,598
MAYORAL RECEPTION FUND	13,477	32,211	13,477	32,211

	MAYOR'S SECTORAL ENGAGEMENT	886,434	1,514,391	886,434	1,514,391
	MEDICAL EXAMINATION	38,620	-	38,620	-
	MEMBERSHIP FEES	105,818	102,567	13,932	12,503
	MORAL REGENERATION PROGRAMS	34,350	49,904	34,350	49,904
	MTHATHA RIVER HEALTH CAMPAIG	1,701,760	-	1,701,760	-
	MUD SCHOOL INTERVENTIONS	985,337	-	985,337	-
	Sub-total carried forward	435,127,314	256,987,365	431,744,456	262,445,154
29	**GENERAL EXPENSES (continued)**				
	Sub-total brought forward	435,127,314	256,987,365	431,744,456	262,445,154
	MUNICIPAL HEALTH SERVICES	1,989,269	1,100,816	1,989,269	1,100,816
	NGWENI POULTRY PROJECT	135,318	-	135,318	-
	NTINGA PROJECT EXPENDITURE	30,092,140	25,718,890	-	-
	NXEKAZI WATER SUPPLY	1,292,828	-	1,292,828	-
	OCCUPATIONAL HEALTH & SAFETY	274,637	-	274,637	-
	OFFICE RENTAL	1,251,090	1,587,734	67,249	214,366
	OR TAMBO MONTH	2,221,381	1,331,779	2,221,381	1,331,779
	OTHER OPERATING EXPENDITURE	5,664,987	58,406,254	5,286,043	49,757,694
	OVERSIGHT COMMITTEE & ROADSH	304,534	-	304,534	-
	PHASE 1 AWARENESS CAMPAIGN (	66,109	-	66,109	-
	POLICY REGISTER	77,448	-	77,448	-
	POSTAGE	180,187	143,385	177,525	140,792
	POVERTY RELIEF PROGRAMME	2,586,697	2,655,014	2,586,697	2,655,014
	PRIMARY HEALTH CARE	36,091	115,943	36,091	115,943
	PRINTING & STATIONERY	2,832,125	2,999,141	2,659,898	2,886,937
	PROTECTIVE CLOTHING	714,512	613,485	714,512	613,485
	PUBLIC PARTICIPATION&SECTION	1,098,316	-	1,098,316	-
	PUBLIC TRANSPORT	250,320	243,189	250,320	243,189
	REFURBISHMENT OF WATER SCHEM	341,968	-	341,968	-
	RELOCATION COSTS	74,322	66,833	74,322	61,618
	RENTAL OF IT EQUIPMENT	809,065	-	809,065	-
	RESEARCH & DEVELOPMENT	727,127	-	727,127	-
	RISK MANAGEMENT	168,401	-	168,401	-
	RIVER HEALTH PROGRAM	1,635	-	1,635	-
	SAFETY AND SECURITY PROGRAMM SALGA FEES	5,909	136,576	4,574	110,357

	1,586,145	1,303,136	1,586,145	1,303,136
SCIENTIFIC DISASTER MANAGEME	921,123	212,247	921,123	212,247
SECURITY SYSTEMS AND MUNICIP	385,465	-	385,465	-
SERVICE DELIVERY TURN	14,730	-	14,730	-
SEWERAGE RETICULATION	10,773,261	-	10,773,261	-
SKILLS DEVELOPMENT & CAPACIT	6,705,525	231,713	6,705,525	231,713
SMME DEVELOPMENT PROGRAMME	-	553,309	-	553,309
SOCIAL RELIEF PROGRAMME	287,917	491,156	287,917	491,156
SPORTS ARTS CULTURE & HERITA	1,192,432	565,871	1,192,432	565,871
SPRING PROTECTION	1,100,405	-	1,100,405	-
SPUS - CHILDREN	2,046,926	1,079,491	2,046,926	1,079,491
SPUS - OLD AGE	534,254	90,048	534,254	90,048
SPUS - PHYSICALLY CHALLENGED	481,649	104,379	481,649	104,379
SPUS - WOMEN	494,003	348,732	494,003	348,732
SPUS - YOUTH	650,372	669,269	650,372	669,269
STANDING ORDERS & RESOLUTION	137,800	-	137,800	-
STIPEND FOR EMERGENCY VOLUNT	473,132	-	473,132	-
STRATEGIC INTERVENTION PLAN	3,049,605	-	2,575,990	-
SUBSISTENCE & TRAVELLING	10,013,757	4,951,137	9,574,584	4,780,537
SUNDRY EXPENSES	2,672	-	2,672	-
TELEPHONE	4,776,314	4,399,686	4,552,527	4,126,193
TOURISM : MARKETING	260,020	37,114	260,020	37,114
TOURISM EDUCATION & AWARENES	467,599	1,121,438	467,599	1,121,438
TOURISM ORGANISATIONS REGION	16,122	-	16,122	-
TRANSFER OF SPORT FACILITIES	-	666,922	-	666,922
TSOLO JUNCTION PROJECT	21,640	-	21,640	-
VEHICLE FUEL & OIL	6,194,462	8,201,319	5,337,383	7,307,616
VILLAGE WATER COMMITEES	13,941,903	14,998,191	13,941,903	14,998,191
VIP PROTECTION UNIT	423,150	550,254	423,150	550,254
WARD BASED PLANNING INFORMAT	619,350	81,422	619,350	81,423
WASTE WATER MANAGEMENT	5,139,571	3,127,569	5,139,571	3,127,569
WATER CARTING EXPENDITURE	527,823	-	527,823	-
WATER PUMP STATIONS	10,175,936	-	10,175,936	-
WATER PURIFICATION CHEMICALS	15,512,103	8,505,247	15,512,103	8,505,247
WATER QUALITY MONITORING	8,472	101,680	8,472	101,680

WHIPPERY SUPPORT	1,565,192	1,039,229	1,565,192	1,039,229
WORKMEN'S COMPENSATION FUND	454,048	798,794	454,048	798,794
WORKPLACE TRAINING	3,110,364	258,110	2,717,945	258,110
WSDIP	47	-	47	-
WSP	85	-	85	-
	592,389,100	**406,593,866**	**554,789,022**	**374,826,812**

30 GAIN ON SALE OF ASSETS

Biological assets	801,978	3,732,989	801,978	3,590,889
Cost of sale	(1,621,612)	(1,519,184)	(1,538,112)	(1,377,084)
Total (loss) Gain on Sale of Assets	**(819,634)**	**2,213,805**	**(736,134)**	**2,213,805**

31 IMPAIRMENT LOSS

Loss of biological assets due to natural death and losses	200,172	401,622	107,222	214,622
	200,172	**401,622**	**107,222**	**214,622**

32 INCREASE IN FAIR VALUE OF BIOLOGICAL ASSETS

Gains from changes in fair value	2,570,845	2,054,637	2,244,375	1,846,537
	2,570,845	**2,054,637**	**2,244,375**	**1,846,537**

33 CASH GENERATED FROM / (UTILISED IN) OPERATIONS

Surplus/(Deficit) for the year	(111,283,240)	374,665,023	(122,922,074)	375,480,649
Adjustment for:-				
Prior year adjustments	(44,632,062)	2,218,446	(44,632,062)	2,218,446
Depreciation and amortization	175,981,362	140,333,897	174,830,264	138,498,691
Loss/ (gain) on disposal of assets	1,080,907	(2,144,718)	736,134	(2,213,805)
Finance costs	945,851	190,561	15,850	91,301
Fair value adjustments	(2,394,395)	(1,867,637)	(2,244,375)	(1,846,537)
Impairment loss	107,222	214,622	107,222	214,622
Debt impairment	103,239,594	58,112,922	103,239,594	58,112,922
Bad debt write off	-	(26,042,780)	-	(26,042,780)
Discounting of debtors	(904,978)	28,315	203,873	149,301
Movement in reserves	262	291	262	291

Interest earned	(582,686)	(269,880)	-	-
Other non cash items	13,238	(119,761)	-	-
Donations	82,700	(69,863,610)	-	(69,863,610)
Operating surplus before working capital changes:	**121,653,775**	**475,455,691**	**109,334,688**	**474,799,491**
(Increase)/ decrease in inventories	(117,025)	(1,325,299)	25,070	(1,305,388)
Increase in trade receivables from exchange transactions	(52,730,701)	(36,878,599)	(51,890,492)	(37,025,966)
(Increase)/ decrease in other receivables from other-exchange transactions	(78,597,715)	204,358	(78,597,715)	204,358
(Increase)/ decrease in VAT receivable	43,351,511	(24,137,541)	42,145,102	(23,108,308)
Increase/ (decrease) in trade and other payables from exchange transactions	63,585,098	(107,926,368)	60,570,888	(105,473,306)
Increase in employee benefits obligations	1,165,352	-	1,165,352	-
Increase/ (decrease) in other payables	796,918	(284,634)	795,474	(313,551)
Increase in advances	374,100	-	374,100	-
(Increase)/ decrease in provisions	(186,477)	4,362,503	(186,477)	4,362,503
Increase in unspent conditional grants and receipts	316,347,897	66,367,294	316,347,897	66,367,294
Increase/ (decrease) in current portion of lease liability	-	(114,058)	-	-
Cash generated from / (utilised in) operations	**415,642,733**	**375,723,347**	**400,083,887**	**378,507,128**

34 CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statement comprise the following:

Bank balances and cash	454,616,303	158,646,854	427,551,056	146,955,781
Net cash and cash equivalents (net of bank overdrafts)	**454,616,303**	**158,646,854**	**427,551,056**	**146,955,781**

35 CORRECTION OF ERRORS

Correction to Infrastructure Assets	419,748,807	85,258,569	419,748,807	85,258,569
Reversal of an expense incorrectly accrued	16,958,367	668,132	16,958,367	668,132
Accounting for Intangible Assets and Stock adjustments relating to Prior Year	2,401,824	-	2,401,824	-
Expenditure not accrued for in prior year	-	(464,029)	-	(464,029)
Correction of calculation errors in opening balances	(12,659,293)	-	(12,659,293)	-
Correction of opening balances for grant funds	6,938,621	2,634,163	6,938,621	2,634,163

Adjustment of opening PPE balances	43,664,364	-	43,664,364	-
Adjustment of Mbizana Consumption	-	(619,821)	-	(619,821)
Error relating to prior year bank adjustments	(4,304,161)	-	(4,304,161)	-
Adjusting prior year VAT accrual	(27,342,174)	-	(27,342,174)	-
Accounting for long-service leave accrual	8,115,546	-	8,115,546	-
Correction of error	-	(2,528,403)	-	-
Net effect on Statement of Financial Position and net effect on Accumulated Surplus Opening Balance	**453,521,901**	**84,948,612**	**453,521,901**	**87,477,015**

36 CHANGE IN ESTIMATE

There was no change in estimate for the period ended 30 June 2012.

37 ADDITIONAL DISCLOSURES IN TERMS OF THE MUNICIPAL FINANCE MANAGEMENT ACT

37.1 Expenditure incurred in terms of Paragraph 36(1)(a) and (b) of the Municipal Supply Chain Management Policy

Expenditure in emergency situations	-	1,776,243	-	1,776,243
Expenditure in respect of single service providers	2,214,665	8,489,482	-	7,233,045
Total value of expenditure	**2,214,665**	**10,265,724**	**-**	**9,009,287**

38 CAPITAL COMMITMENTS

38.1 Commitments in respect of capital expenditure

- Approved and contracted for	**168,354,741**	**46,849,048**	**156,464,228**	**46,141,425**
Infrastructure	156,464,228	46,141,425	156,464,228	46,141,425
Other	11,890,513	707,623	-	-
- Approved but not yet contracted for				
Infrastructure	1,505,636,334	534,421,049	1,505,636,334	534,421,049
Total	**1,673,991,075**	**581,270,097**	**1,662,100,562**	**580,562,474**

This expenditure will be financed from:

	- Government Grants	1,673,991,075	581,270,097	1,662,100,562	580,562,474
		1,673,991,075	**581,270,097**	**1,662,100,562**	**580,562,474**

39 CONTINGENT LIABILITY

39.1	Claim for damages	**19,025,770**	**17,728,919**	**19,025,770**	**14,999,554**

39.2 SCHEDULE OF CURRENT YEAR LISTING OF CONTINGENT LIABILITIES AS AT 30 JUNE 2012

NATURE OF CLAIM & COMMENCEMENT OF CLAIM	**AMOUNT CLAIMED**	**AMOUNT CLAIMED**	**AMOUNT CLAIMED**	**AMOUNT CLAIMED**
Claims have been lodged for failure to honour a cession agreement. Council is contesting the claim based on legal advice.	187,981	521,039	187,981	521,039
Summons from service providers have been received for failure to honour contracts. On the basis of legal advice the municipality is contesting the claim.	8,315,654	8,315,654	8,315,654	8,315,654
Claims have been lodged against the municipality. They are in lieu of services rendered. On the basis of legal opinion, the municipality is contesting the claims.	3,320,136	2,970,680	3,320,136	2,970,680
The municipality is being sued for breach of agreement resulting to loss of earnings. Municipality contested the claim.	5,536,830	2,000,000	5,536,830	2,000,000
The municipality is being sued for damages suffered in a motor accident that occurred. On the basis of legal opinion the municipality is contesting the claim.	640,000	200,000	640,000	200,000
The municipality is being sued for damages on the claimant's property. The municipality is contesting the claim.	15,000	100,000	15,000	100,000
Claims have been lodged for damage to telephone infrastructure. The municipality is contesting the claim.	551,620	433,633	551,620	433,633
Claims have been lodged for the damage to motor vehicles. The municipality is contesting the claim.	50,923	50,923	50,923	50,923
The municipality is being sued for failure to report a diseased employee to the provident fund for payment of proceeds. The municipality is contesting the claim.	407,626	407,626	407,626	407,626
Umzikantu Red Meat Abattoir has a pending legal claim in respect on an unknown invoice dating back to previous periods. This is still under investigation as no contractual obligation could be obtained at the time of reporting.	-	9,365	-	-
There is a pending litigation against the entity by Sondluluntu Trade Investments . As per Ntinga's legal representatives, there is no decision taken by the courts yet. The case is still in progress.	-	2,720,000	-	-
Claim for damages	**19,025,770**	**17,728,919**	**19,025,770**	**14,999,554**

The timing and amount of these contingent liabilities is uncertain as these will be determined by the courts.

40 RELATED PARTIES

40.1 Relationships

Wholly controlled municipal entity	*O.R Tambo Ntinga Development Agency - Refer to note 40.2*
Members of key management	*Refer to general information*
Members of Council	*Refer to general information*

40.2 Other related party relationships

O R Tambo Ntinga Development Agency (the Agency)

The Agency (an Association Incorporated under Section 21 of the Companies Act, Act No.61, of 1973) established by the District Municipality to promote and implement sustainable Local Economic Development through a myriad of initiatives, programs and projects throughout the District. By its nature therefore, in turn the Agency has a number of standalone and semi-standalone projects and entities which they themselves become related parties to the District Municipality in their own right.

Related party balances

In terms of Section 164 1 (c) of the MFMA, the municipality may not grant loans to its councillors, management , staff and public with effect from 1 July 2004.

No related party balances were identified for the current reporting period.

Related party transactions

O R Tambo Ntinga Development Agency:				
Grant Paid	-	-	62,779,435	43,029,203
Expenditure of farm operations	-	161,365	8,889,957	8,562,268
December Salary overpayment not immediately recovered	1,379,919	-	1,379,919	-

Key Management and Councillors receive and pay for services on the same terms and conditions as other rate payers.

These transactions are recorded at arms length.

41 EVENTS AFTER THE REPORTING DATE

National Treasury did not, at the time of issuance of the 2011/12 Group annual financial statements, approve the municipality's request for a roll-over of all unspent grant monies received due to the following reasons:
- Under-spending of grant monies
- Failure to submit a pre-audited set of annual financial statements to National Treasury by 31 August 2012 and
- The fact that the amounts applied for per the roll-over request did not correspond to the amounts per the Section 71 MFMA reports submitted to Treasury.

The following unspent grant balances are impacted by this decision:
- Municipal Infrastructure Grant amounting to R322.7 million (2010/11: R33.6 million) and
- Rural Transport Services and Infrastructure Grant amounting to R851 000 (2010/11: R900 000)

National Treasury agreed that management can submit a motivation for the roll-over of these funds. At the time of signing the annual financial statements the final outcome of Treasury's decision on the matter is not known. Should the roll-over not be approved the cash and bank and unspent grant liability amounts reflected in the 2011/12 annual financial statements will be impacted.

42 RISK MANAGEMENT

42.1 Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the municipality.

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluates credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

Financial assets exposed to credit risk at year end were as follows:

Cash and cash equivalents	454,616,303	158,646,854	427,551,056	146,955,781
Trade receivables from exchange transactions	68,620,293	16,718,130	68,600,732	16,710,240
Other receivables from exchange transactions	3,420,119	1,387,799	2,332,554	1,128,772
	526,656,715	**176,752,783**	**498,484,342**	**164,794,793**

These balances represent the maximum exposure to credit risk.

The Municipality does not have collateral or other credit enhancements for its credit risk exposure from financial assets during the current or prior year. In addition, there were no instances during the current or prior year where the Group has taken procession of collateral it holds as security.
There are no financial assets that would have been past due or impaired had the terms not been renegotiated for the current or prior year.
The analysis of overall credit risk exposure indicates that the Municipality has trade receivables that are impaired at the reporting date.

The financial assets are analysed below:

Group

	30 June 2012		
	Gross	Net	Impairment losses
Trade receivables	290,715,436	68,620,293	222,095,143

290,715,436	**68,620,293**	**222,095,143**

Municipality

	30 June 2012		
	Gross	Net	Impairment losses
Trade receivables	290,674,871	68,600,732	222,074,139
	290,674,871	**68,600,732**	**222,074,139**

Group and municipality

	30 June 2011		
	Gross	**Net**	**Impairment losses**
Trade receivables	211,783,525	16,718,130	195,065,395
	211,783,525	**16,718,130**	**195,065,395**

43 RESTATEMENT OF COMPARATIVE INFORMATION

The prior year figures have been reclassified, as far as it is practicable, to comply with the current reporting requirements.

Group

STATEMENT OF BUDGET VERSUS ACTUAL INFORMATION

2011/12

R thousands or R	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Virement (i.t.o. Council approved by-law)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	1	2	3	4	5	6	7	8	9
Financial Performance									
Property rates									
Service charges	110,450,000	14,994,438		125,444,438	120,794,902		4,649,535	96%	109%
Investment revenue	10,094,338	1,500,000	634,000	12,228,338	33,347,466		(21,119,128)		
Transfers recognised - operational	715,798,729	325,812,640	3,846,000	1,045,457,369	757,625,938		287,831,431	72%	106%
Other own revenue	165,025,455	29,253,982	40000	194,319,437	112,979,948		81,339,489	58%	68%
Total Revenue (excluding capital transfers and contributions)	**1,001,368,522**	**371,561,060**	**4,520,000**	**1,377,449,582**	**1,024,748,255**		**352,701,327**	**74%**	**102%**
Employee								93%	79%

costs	272,494,603	(39,387,542)	(634,000)	232,473,061	216,041,985		16,431,076		
Remuneration of councillors	9,525,789	606,161		10,131,950	9,374,636		757,314	93%	98%
Debt impairment	27,500,000	-		27,500,000	25,845,661		1,654,339	94%	94%
Depreciation & asset impairment	150,000,000	231,000		150,231,000	176,067,095		(25,836,095)	0%	0%
Finance charges	-	10,000	140,000	150,000	945,851		(795,851)	0%	0%
Materials and bulk purchases	71,545,408	-		71,545,408	58,491,191		13,054,217	82%	82%
Transfers and grants	66,581,648	11,380,000	791,000	78,752,648	79,045,280		(292,632)	0%	0%
Other expenditure	552,791,074	(238,585,839)	(4,087,000)	310,118,235	606,937,270		(296,819,035)	196%	110%
Total Expenditure	**1,150,438,522**	**(265,746,220)**	**(3,790,000)**	**880,902,302**	**1,172,748,969**	**-**	**(291,846,667)**	**133%**	**102%**
Surplus/(Deficit)	**(149,070,000)**	**637,307,280**	**8,310,000**	**496,547,280**	**(148,000,714)**		**644,547,994**	-30%	99%
Transfers recognised - capital	280,806,270	440,575,072		721,381,342	113,897,404		607,483,938	16%	41%
Contributions recognised - capital & contributed assets	930,000	780,000	256000	1,966,000	11,688,000		(9,722,000)	595%	1257%
Surplus/(Deficit) after capital transfers & contributions	**132,666,270**	**1,078,662,352**	**8,566,000**	**1,219,894,622**	**(22,415,310)**		1,242,309,932	-2%	-17%
Share of surplus/ (deficit) of associate									
Surplus/(Deficit) for the year	**132,666,270**	**1,078,662,352**	**8,566,000**	**1,219,894,622**	**(22,415,310)**	**-**	**1,242,309,932**	**-2%**	**-17%**
Capital expenditure & funds sources									
Capital expenditure	**280,806,270**	**440,575,072**		**721,381,342**	**120,658,752**		**607,483,938**	17%	43%
Transfers recognised - capital	280,806,270	440,575,072		721,381,342	119,552,752		601,828,590	17%	43%
Public contributions & donations	-	-		-	-		-	0%	0%
Borrowing	-	-		-	-		-	0%	0%
Internally generated funds	930,000	780,000	256,000	1,966,000	1,106,000		860,000	56%	119%
Total sources of capital funds	**281,736,270**	**441,355,072**		**723,347,342**	**120,658,752**		**602,688,590**	17%	43%

Cash flows									
Net cash from (used) operating	289,751,770	447,994,572		737,746,342	416,388,420		321,357,922	56%	144%
Net cash from (used) investing	(281,656,270)	(401,444,072)		(683,100,342)	(121,979,087)		(561,121,255)	18%	43%
Net cash from (used) financing	-			-	170,557		(170,557)	0%	0%
Cash/cash equivalents at the year end	**218,575,463**	(16,973,682)		**201,601,781**	**294,579,890**		**(92,978,109)**	146%	135%

Municipality

STATEMENT OF BUDGET VERSUS ACTUAL INFORMATION

2011/12

R thousands or R	Original Budget	Budget Adjustments *(i.t.o. s28 and s31 of the MFMA)*	Virement *(i.t.o. Council approved by-law)*	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	1	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**
Financial Performance									
Property rates									
Service charges	110,450,000	14,994,438		125,444,438	120,794,902		4,649,535	96%	109%
Investment revenue	9,774,338	1,500,000		11,274,338	32,764,780		(21,490,442)	188%	105%
Transfers recognised - operational	715,798,729	(318,263,640)		397,535,089	749,040,938		(351,505,849)	34%	41%
Other own revenue	99,245,455	20,560,982		119,806,437	41,012,948		78,793,489		
Total Revenue (excluding capital transfers and contributions)	**935,268,522**	**(281,208,220)**	**-**	**654,060,302**	**943,613,569**		**(289,553,267)**	**144%**	**101%**
Employee costs	246,460,603	(38,287,542)		208,173,061	194,323,905		13,849,156	93%	79%
Remuneration of councillors	9,525,789	606,161		10,131,950	9,374,636		757,314	93%	98%
Debt impairment	27,500,000	-		27,500,000	25,845,661		1,654,339	94%	94%
Depreciation & asset impairment	150,000,000	-		150,000,000	174,915,997		(24,915,997)	0%	0%
Finance charges	-	-		-	15,850		(15,850)	0%	0%

Materials and bulk purchases	71,545,408	-		71,545,408	58,491,191		13,054,217	82%	82%
Transfers and grants	64,295,648	8,094,000		72,389,648	72,682,280		(292,632)	0%	0%
Other expenditure	515,941,074	(251,620,839)		264,320,235	567,643,964		(303,323,729)	215%	110%
Total Expenditure	**1,085,268,522**	**(281,208,220)**	**-**	**804,060,302**	**1,103,293,484**	**-**	**(299,233,182)**	**137%**	**102%**
Surplus/(Deficit)	**(150,000,000)**	**(0)**	**-**	**(150,000,000)**	**(159,679,915)**		**9,679,915**	106%	106%
Transfers recognised - capital	280,806,270	440,575,072		721,381,342	113,897,404		607,483,938	16%	41%
Contributions recognised - capital & contributed assets		-		-					
Surplus/(Deficit) after capital transfers & contributions	**130,806,270**	**440,575,072**	**-**	**571,381,342**	**(45,782,511)**		617,163,853	-8%	-35%
Share of surplus/ (deficit) of associate									
Surplus/(Deficit) for the year	**130,806,270**	**440,575,072**	**-**	**571,381,342**	**(45,782,511)**	**-**	**617,163,853**	**-8%**	**-35%**
Capital expenditure & funds sources									
Capital expenditure	**280,806,270**	**440,575,072**		**721,381,342**	**119,552,752**		**607,483,938**	0%	43%
Transfers recognised - capital	280,806,270	440,575,072		721,381,342	119,552,752		601,828,590	0%	43%
Public contributions & donations	-	-		-	-		-	0%	0%
Borrowing	-	-		-	-		-	0%	0%
Internally generated funds	-	-		-			-	0%	0%
Total sources of capital funds	**280,806,270**	**440,575,072**		**721,381,342**	**119,552,752**		**601,828,590**	0%	43%
Cash flows									
Net cash from (used) operating	280,693,770	444,187,572		724,881,342	400,068,038		324,813,304	55%	143%
Net cash from (used) investing	(280,806,270)	(400,664,072)		(681,470,342)	(121,032,880)		(560,437,462)	18%	43%
Net cash from (used) financing	-			-	170,557		(170,557)	0%	0%
Cash/cash equivalents at the year end	**210,367,463**	(20,000,682)		**190,366,781**	**279,205,715**		**(88,838,934)**	147%	133%

ANNEXURE J – DECLARATION OF FINANCIAL INTERESTS

DECLARATION OF INTERESTS BY COUNCILORS AND TRADITIONAL LEADERS

	Disclosures of Financial Interest		
	Period 1 July 2011 to 30 June 2012		
	Position	Name	Description of Financial Interest * Nil/Details
1	Speaker	Cllr Meth N.	Nil
2	Executive Mayor	Cllr Myolwa D.J.	**Note 8: Land & Property:**House: Isipingo and Rural Home 4 Hectares: Lusikisiki
3	Chief Whip	Cllr Ntobongwana N.	Nil
4	Member of Mayco	Cllr Dyule N.W.	**Note 1 Shares & their Financial Interest:** Number of shares: 1150% shares Imbokodo Construction and 25% Circle Seven
5		Cllr Mbede B.	**Note 3:Directorship & Partnership:** Construction Company cc
6		Cllr Mlamli S.	**Note 8: Land & property:** Mthatha Callaway, 1209m
7		Cllr Mambila L.N	**Note 1 Shares & their Financial Interest**:100% shares Turn the Tide Construction Company- **Note 3: Directorship & Partnership:** Turn the Tide Construction Company-Construction and professional service. **Note 8: Land & Property:** 2 bedroomed Flat, No. 23 Wild Sea Cabanas, Port Edward
8		Cllr Njemla N.S.	**Note 9 Pensions:** GEPF
9		Cllr Nkani B	Nil
10		Cllr Ngozi W.	**Note 8 Land & Property:** 10 roomed House-Joe Slovo Park and 6 roomed house-Lusikisiki
11		Cllr Nogumla R.Z.	**Note 1 Shares & their Financial Interest:** Shares at Nedbank: Nature of shares: Park IT; Nominal Value R391,000.00;Shares at Nedbank; Nominal Value R14,000.00 **Note 2 Remuneration Employment Outside Council:** Department of Education: Member of the Board with a travel allowance of ±R1500.00 **Note 8**: **Land & Property:** 10 hectares at Zandukwana ;200 Hectares Ugie Farm- renting and occupying. **Note 9 Pensions**: Special Pension
12		Cllr Socikwa M.	**Note 11: Consultancies or retainerships-immediate family:** S& K cc; AYO & SBO cc
13		Cllr Soguntuza N.	**Note 3:Directorship & Partnership:** Sandanathi Construction & Other Services cc **Note 16: Benefits immediate family** : Child Support Grant –SASSA
14	Chairperson Ethics & Members Interest Committee	Cllr Dambuza M.B.	**Note 8 Land & Property:**– Ngqeleni Town
15	Chairperson:	Cllr Dudumayo B.	**Note 3: Directorship & Partnership:** R.B.O. Distributors & Suppliers

	Disclosures of Financial Interest		
	Period 1 July 2011 to 30 June 2012		
	Position	Name	Description of Financial Interest * Nil/Details
	Municipal Public Accounts Committee		
16		Cllr Betele S.	Nil
17		Cllr Bunzana M.	Nil
18		Cllr Capa N.	**Note 1 Shares & their Financial Interest:** 5% shares Blue Benthy (Mining Industry) **Note 3: Directorship & Partnership:** Directorship in YKNC Trading & Projects (Trading in all aspects) Vukani Bafazi Investments (Catering)
19		Cllr Dangala V.	Nil
20		Cllr Dawedi A.M.	**Note 1 Shares & their Financial Interest:** 100% shares Rhweba Trading 1052 **Note 3: Directorship & Partnership:** Director: Rhweba Trading 1052;Avande Trading CC
21		Cllr Gogo M.	**Note 1 Shares & their Financial Interest:** 3000 Ordinary shares with Isando Company. **Note 3: Directorship & Partnership:** Director Asath'ayabonga Trading **Note 8 Land & Property:**– Flat 125 Ogwini, Durban **Note 10: Directorship & Partnership Member:-** Nxuba Café; Mini Bus Taxi
22		Cllr Gwadiso V.O.	**Note 3: Directorship & Partnership:** Mbingwa Plant Hire Corporation **Note 8: Land & Property:**House Fortgale 2100m^2
23		Cllr Hibhane Z.	**Note 9: Pensions :**Disability Grant (Public);Child Support Grant for 3 children by his wife **Note 17: Land & Property:** Nkanunu A\A
24		Cllr Khotsholo B**.**	**Note 2 Remuneration Employment Outside Council:** Educator **Note 7: Benefits :**Medical Aid; Pension
25		Cllr Kotana M.P.J.	Nil
26		Cllr Kupelo T.E.	Nil
27		Cllr Magaya F.A.	**Note 10: Directorship & Partnership:** Taxi Owner
28		Cllr Makhedama M.	**Note 1 Shares & their Financial Interest:** 50% Sasol Inzalo (Funded), Nominal value of R40 000, 25% Sasol Inzalo (not funded) Nominal Value R10,000.00 **Note 3: Directorship & Partnership:** Mhlontlo Tractors & Auto Spares cc **Note 8: Land & Property:** 12,5 hectares at Ntshiqo A\A
29		Cllr Malangeni Z.L.	**Note 8 Land & Property:** House with land, 2 Outside building, Flat House No. 28 Middlesex Rd, Amalinda, East London
30		Cllr Mamve N.N.	**Note 8 Land & Property:** Land: Chweni Location, PSJ
31		Cllr Mandita K.	**Note 8 Land & Property:** Land: Kuyasa Township 95m^2 Southernwood. **Note 9: Pensions** Telkom Pension Fund (Private) Workmen's Compensation Fund (Private)

	Disclosures of Financial Interest		
	Period 1 July 2011 to 30 June 2012		
	Position	Name	Description of Financial Interest * Nil/Details
32		Cllr Maqabuka Z.V.	**Note 2: Remunaration Employment Outside Council for Part time Councillors:** Vivlia Publishers & Booksellers(Private- Publishing ; Value of Benefits: R66,000.00 & R10,000.00 Director's fee.) **Note 3: Directorship or retainership:** Director: Vivlia Publishers & Booksellers **Note 11: Consultancies or retainerships – immediate family:** MLP General Business
33		Cllr Mathe M.S.	Nil
34		Cllr Matomane N.R.	Nil
35		Cllr Mazuza C.S.	**Note 3: Directorship or retainership:** Isikhungathi Cleaning & Catering CC
36		Cllr Mbotshwa N.	**Note 2 : Remunaration for employment for parttime councilors:** Department of Social Development : Auxiliary Community Development Practioner- Value for benefits not applicable
37		Cllr Mgugudo N.O.	**Note 2 : Remunaration for employment for parttime councilors:** Educator: Value for benefits derived:Housing Subsidy and Medical Aid Scheme,Bursary for Education; R23,279.00. **Note 9: Pension** Widow's Pension Fund (Public) **Note 3: Directorship or retainerships :** Partnership with children: Property no 403 Mount Ayliff ,Property 203, business property leased out to different business people.
38		Cllr Mnyanda V.	Nil
39		Cllr Mpemnyama N.	Nil
40		Cllr Mtwa L.	**Note 8: Land & property:** ERF 172, 816$m^{2,}$ Mzimkhulu. **Note 9: Pensions:** GEPF
41		Cllr Mvamveki N.	Nil
42		Cllr Mvanyashe M.N.	**Note 3: Directorship & Partnership:** Gawuza Life Saving; Gcinisizwe Construction (Husband), Nobuhle Construction. **Note 7: Benefits:** Child Support Grant SASSA- R520.00. **Note 8: Land & property:** RDP House, Qumbu New House **Note 9: Pension:** SASSA
43		Cllr Mziba L.	**Note 1 Shares & their Financial Interest:** Family Trust shares, with Ntsaluba Trust Fund, Nominal Value 20% annually. **Note 2 : Remunaration for employment for Parttime Councilors:** Nyandeni LM, remuneration for Grade B. **Note 11: Consultancies or retainerships**- Eddie's Company
44		Cllr Ndlela N.A.	**Note 8: Land and property:** RDP, Sweetwaters, KWT. **Note 14: Gifts & Hospitality immediate family:** Mandla Ndlela subsidy house, Ikwezi Extension.
45		Cllr Ndlobongela B.	Nil
46		Cllr Ndude L.M.	**Note 2 : Remunaration for employment for Parttime Councilors:** General dealer, Spaza-value of benefits estimated R40,000.00

	Disclosures of Financial Interest		
	Period 1 July 2011 to 30 June 2012		
	Position	Name	Description of Financial Interest * Nil/Details
47		Cllr Ndzwayiba M.	**Note 9: Pension:** Government retirement
48		Cllr Nelani N.	**Note 3: Directorship & Partnership:** Cogu Community cc (In active); Best Groovers Trading & Projects cc (resigned); Izimvo Rural Development Institute (Not for profit, Active)
49		Cllr Ngabayena M.	**Note 9: Pensions:** Disability Grant
50		Cllr Nkungu M.I.	**Note 1: Shares & Financial Interest:** Nkungu Investments Construction **Note 3: Directorship & Partnership:** Director-Nkungu Investments Construction
51		Cllr Ntshoyi N.	Nil
52		Cllr Ntshuba V.W.	**Note 1: Shares & Financial Interest:** Shares: Pension Management Pty, Ltd, Nominal Value R1500. **Note 2: Remuneration employment outside council** : Pension Management Pty, Ltd-Financial Services; Value of Benefits derived- R10,000.00 to start when operations have resumed. **Note 3: Directorship & Partnership:** Pension Management Pty, Ltd-; National Multipurpose Tertiary Cooperative; Libode College Co-operative Development Centre; Libode SASCA, Pty, Ltd; Amawushe Multipurpose Primary Cooperative; Libode Community College
53		Cllr Pepping P.N.	**Note 1: Shares & Financial Interest:** 100% shares Baai Solutions Trading Enteprise, Nominal Value R200 000.00 **Note 3: Directorship & Partnership:** Director Baai Solutions Trading Enteprise- rendering services and supply of goods **Note 8 Land & Property:**Land : ERF 812, ±200m^2 Joe Slovo, Lusikisiki; ERF 402: ±200m^2 Joe Slovo, Lusikisiki; Mbudu General dealer- Mbudu A\A **Note 10: Directorship & partnership- member**: **:** Director Baai Solutions Trading Enteprise-
54		Cllr Ruleni S.	Nil
55		Cllr Sigcau M.	Nil
56		Cllr Sikhonkothela N.	Nil
57		Cllr Thwatshuka D.	Nil
58		Cllr Thiyeka N.	Nil
59		Cllr Xangayi C.T.	**Note 1: Shares & Financial Interest:** Shares: Old Mutual Nominal Value R36.00. **Note 2: Remuneration employment outside council:** Department of Health: Forensic: Assistant Manager, value of benefits R206 982.00 per annum
60		Cllr Zweni R.M.	**Note 1: Shares & Financial Interest:** Investment: ICI **Note 9: Pension:** Pension Fund: Municipal Councilors Pension Fund
61		Chief Cebiso L.	**Note 2: Remuneration employment outside council:** Traditional

Disclosures of Financial Interest			
Period 1 July 2011 to 30 June 2012			
	Position	Name	Description of Financial Interest * Nil/Details
			Leader- Department of Local Government & Traditional Affairs; Value of Benefits: R7527.45.
62		Chief Dudumayo M.	**Note 2: Remuneration employment outside council:** Traditional Leader- Department of Local Government & Traditional Affairs; Value of Benefits: R7000.00 **Note 3: Directorship & Partnership:** Dalisizwe General Trading
63		Chief Groom J.J.	**Note 2: Remuneration employment outside council:** Traditional Leader- Department of Local Government & Traditional Affairs, Value of Benefits: R7065.00
64		Chief Mafuna S.	**Note 2: Remuneration employment outside council:** Traditional Leader- Department of Local Government & Traditional Affairs; Value of Benefits:R706.85
65		Chief Mdutshane G.	**Note 2: Remuneration employment outside council:** Traditional Leader- Department of Local Government & Traditional Affairs; Value of Benefits R14,174.66. **Note 9 Pension:** Pension: Department of Local Government & Traditional Affairs
66		Chief Meji N.	**Note 2: Remuneration employment outside council:** Traditional Leader- Department of Local Government & Traditional Affairs; Value of Benefit R7527.45
67		Chief Mjoji P.	**Note 2: Remuneration employment outside council:** Traditional Leader- Department of Local Government & Traditional Affairs, Value of Benefits: R7527.40
68		Chief Mtirara B.P.	**Note 2: Remuneration employment outside council:** Traditional Leader- Department of Local Government & Traditional Affairs; Value of Benefits: R14174.66 **Note 9: Pension:** Pension: Department of Local Government & Traditional Affairs
69		Chief Mtirara M.	**Note 2: Remuneration employment outside council:** Traditional Leader- Department of Local Government & Traditional Affairs; Value of Benefits: R14174.66 **Note 3: Directorship & Partnership:** Nxeko Construction
70		Chief Ndamase N.	**Note 2: Remuneration employment outside council:** Traditional Leader- Department of Local Government & Traditional Affairs; Value of Benefits: R7527.45
71		Chief Ndabeni V.	**Note 2: Remuneration employment outside council:** Traditional Leader- Department of Local Government & Traditional Affairs; Value of Benefits: R14174.66

	Disclosures of Financial Interest		
	Period 1 July 2011 to 30 June 2012		
	Position	Name	Description of Financial Interest * Nil/Details
			Note 9: Pension: Pension: Department of Local Government & Traditional Affairs
72		Chief Tyali G.	**Note 2: Remuneration employment outside council:** Traditional Leader- Department of Local Government & Traditional Affairs, Value of Benefits: R11 725.00 **Note 3: Directorship & Partnership:** Isolezwe Trading & Projects cc- Security & Cleaning and other businesses **Note 8: Land & Property:** Farm at Ncambedlana, No. 6 T.T. Cuba Street. **Note 9 Pension:**Pension Department of Local Government & Traditional Affairs